

May 24 1996

Evening

Corries

acific

20/11/96

FINANCIAL TIMES

Weekend

Weekend FT
Third world war -
to be fought by mice

A monarch
among equals

Will technology be the
decider in Paris?

SECTION II

World Business Newspaper

WEEKEND MAY 25/MAY 26/MAY 27 1996

UK may dispose of cattle remains in power stations

Britain is seeking "radical options" for disposing of cattle remains, including burning them in power stations, to ease a 150,000 backlog of animals waiting to be slaughtered due to the European Union's worldwide export ban on the BSE crisis. Electricity companies are carrying out tests to see whether they can burn rendered bonemeal and fat from cattle in their generating stations. Page 22

English club signs Italian football star

The economic supremacy of English football has been underlined with Chelsea's signing of Gianluca Vialli (left) - the Italian striker who led Juventus to victory against Ajax Amsterdam in the European Champions Cup on Wednesday - on a salary of £1m (£1.52m) a year. He is the first top Italian star to leave Serie A - traditionally the world's richest football league - for an English club. Page 4; Springboard for success, Page 5

US pulls out of maritime trade talks: The European Union and Japan vowed to continue seeking an agreement in the World Trade Organisation to liberalise maritime transport, despite an apparent withdrawal from talks by the US. Page 3

Prodi wins confidence vote: Romano Prodi's new centre-left government won a vote of confidence in the Italian senate for its programme of economic austerity, constitutional reform and plans to improve education. Page 2

Price war hits Japan oil refiners: Japan's top four oil refiners and distributors saw their profits halved last year as they became the first victims of a petrol price war. Page 6

London stocks limp towards the holidays

FT-SE 100 index
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NEWS: INTERNATIONAL

Prodi wins confidence vote victory

By Robert Graham in Rome

Italy's new centre-left government headed by Mr Romano Prodi yesterday won an easy endorsement in the senate for its programme centred on economic reform, constitutional reform and improving education.

After a day and a half's debate, the government won a vote of confidence with 173 votes in favour and 139 against.

This was 16 votes clear of the minimum majority required and was in line with government expectations.

Mr Prodi, the 56-year-old Bologna economics professor, must now outline his programme to the 330-member chamber of deputies next week and undergo another vote of confidence.

Although the week-old government is expected to pass this hurdle, it cannot formally begin to implement its policies until the confidence vote is out of the way.

Mr Prodi was criticised both yesterday and on Thursday by the rightwing opposition for being too vague in outlining his programme. By next week, he is likely to be more specific — especially on economic matters.

He will also face a sterner debating test.

The new government is committed to putting Italy's public finances in order to permit the country to partake in the next phase of European Monetary Union by 1999. However, Mr Prodi and his economic team have so far declined to spell out how they believe this will be done.

In his two speeches, opening and closing the senate debate, Mr Prodi struck a sober tone throughout.

While he was appreciated for his seriousness, several commentators and senators warned that the new prime minister could not afford to be too dull if he wished to inspire the country to endorse the

kind of reforms and economic sacrifices his programme entailed.

Yesterday Mr Prodi went out of his way to invite the opposition to co-operate in carrying out a thorough reform of the Italian state.

But he insisted: "If we cannot co-operate in doing this together, then we will do it by ourselves."

He said he wanted to move fast on shaking up the state by introducing a more federal structure and devolving more power to the regions.

The populist Northern League, which has raised the banner of secession in Italy's rich industrial north, voted against the government. "The government did not convince us with its vague proposals on federalism," said Mr Francesco Speroni, the League leader in the senate.

As an indication of the tensions raised by regionalism in the new parliament, Mr Speroni outraged the senate on Thursday by openly insulting Sicilians for spawning the Mafia. Yesterday Mr Speroni was unrepentant about these insults.

By next week the government should have all the ministries fully operational with their new ministerial teams. The list of junior ministers was agreed only in mid-week, and of the 49 appointees, one has already stepped down because of judicial problems. There has also been a fierce polemic within the centre-left Olive Tree coalition over who should control the L3,500bn (\$2,24bn) due to be spent on Rome's Jubilee Year in 2000.

The Party of the Democratic Left (PDS), the dominant partner in the coalition, has sought to control this post. But Mr Prodi has wanted to ensure his own appointee got the Jubilee job, while Mr Antonio Di Pietro, the public works minister and former Milan magistrate, has claimed the post falls naturally within his portfolio's control.

Yeltsin's poll campaign flies into the icy blast of discontent

The democratic euphoria of 1991 is waning, reports John Thornhill



President Boris Yeltsin's whirlwind re-election campaign

last night blew into the icy blast of discontent

to revive the memories of five years ago

when the miners played a critical role in Russia's democratic revolution.

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'Wild west' troubles Chinese authorities

By Tony Walker in Beijing

China's security authorities have become increasingly anxious about separatist movements in Tibet and in the oil- and uranium-rich province of Xinjiang in the far west.

This week it emerged that nine Moslem separatists, armed with guns and homemade bombs, were killed in a gun battle this month with police in Xinjiang. The clash came after authorities in the province ordered a crackdown on separatists who, they say, were seeking to stir a holy war.

In an annual assessment of risks to public order and the security of the state this year the authorities put separatist

challenges at the top of the list, ahead of urban poverty and crime, and dissident activity. Worries about nationalist agitation on China's frontiers did not figure so prominently in past years.

The assessment is circulated close to the June 4 anniversary of the 1989 crackdown on student pro-democracy demonstrators in Beijing's central Tiananmen square and summarises official concerns about security at a time when a regime in political transition is more than usually preoccupied with stability.

Western officials in Beijing said it was not clear whether separatist movements or "splitism", as they are known in

Chinese official jargon, were becoming bolder, or whether China's renewed emphasis on closing the "rich-poor gap" between the wealthier coastal areas and an impoverished hinterland was focusing attention on the issue.

"Separatist activity is a perennial concern," said one official, "but the authorities seem to be drawing a link between their campaign to alleviate poverty in poorer regions and threats to China's stability."

The deaths of the nine Moslems in Xinjiang followed official calls for a crackdown on separatists in the predominantly Moslem region where local Uighur - ethnic Turk

who migrated to the region from Mongolia in the ninth century and adopted Islam a century later - outnumber ethnic Chinese by about two to one. Xinjiang's population is about 16m, of whom 6m are Han Chinese.

China is also having trouble in Tibet, where a spate of bombings by Tibetan separatists loyal to the exiled Dalai Lama is proving unsettling. The Tibet Daily in a front-page editorial last week called on police to intensify a crackdown on "terrorists".

"In the 'Strike Hard' crackdown on crime we must relentlessly pursue and show no mercy to those spitting words of transport, steal and hide explo-

sives and firearms," the paper said.

The BBC monitoring service, which tunes in to radio broadcasts across China, reported further trouble this week with the suspension of a top Buddhist monk from his post in a largely ceremonial political consultative committee. The monk, Chadrin Rinpoche, was accused of fostering separatist activity.

But Beijing, in its efforts to curb Tibetan separatism, also offered an amnesty for offenders who surrender before June 30.

"Those who take the initiative to frankly confess their wrongdoings and report and expose crimes of other offend-

ers will be treated leniently," Tibet Radio said.

"Those who refuse to surrender themselves to law enforcement authorities, run away, or even continue to commit crimes will be punished more severely."

Authorities in Xinjiang have made no such offer of amnesty, but they appear no less alarmed than their counterparts in Tibet by a recent outbreak of separatist violence, including bombings and shootings.

The Xinjiang Daily, in a long despatch earlier this month, reported that the main dangers facing the region were "ethnic separatism and illegal religious activities".



Anxious times: a woman waits in a market place in Kashi (Kashgar), western China

Divided Uighurs short on hope and friends

By Sander Thoenes in Almaty

While Uighur separatists in China demonstrated and clashed with police, fellow Uighurs in neighbouring Kazakhstan, a country much more open to dissent, kept quiet out of fear and resignation.

The largest Uighur community outside China, numbering at least 200,000, includes many prominent nationalists who led the pro-Soviet republic of East Turkestan, which was proclaimed in 1949.

But even these nationalists kept quiet when China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan signed a border agreement last month, dashing any hopes among the Uighurs that their newly independent neighbours in Central Asia would support their cause for independence.

Shortly after the agreement was signed, the Chinese cracked down on Uighur separatists in Xinjiang, leading diplomats to suggest that Beijing now felt assured of support from its neighbours.

"The Kazakhs and the Uighurs are one Turkic people," said Mr Batir Arshidinov, a prominent Uighur activist in Almaty. "But the Kazakhs sold us out to China. Nobody supports us."

Mr Arshidinov's Society of Patriots for East Turkestan, this week distributed leaflets condemning the border agreement and calling for an independent East Turkestan, but he said the Uighurs in Kazakhstan would not defy a government ban on demonstrations.

Kazakh officials used to tolerate protests in front of the Chinese embassy, but cracked down in 1994 after Kazakhstan signed an agreement with China solving all but two minor border disputes. Several Uighur nationalist movements have been banned in recent months.

"Any such organisation that uses slogans against another state will be banned," said Mr Kasmymzhomart Tokayev, the Kazakh foreign minister, last week. "We are against separatism, and against separatist tendencies in the Chinese People's republic."

Eager to boost trade ties with China, which recently offered the landlocked country access to its railway network, Kazakhstan even supports Beijing's claim on Taiwan. The only issue on which Kazakhstan differs publicly with China is over Chinese nuclear tests at the Lop Nor testing site, near the border. Uighurs in Kazakhstan have been able to protest in public only by

joining anti-nuclear protests in Almaty.

Other than Uighur communities in Turkey, Saudi Arabia, Germany and nearby Central Asian states, the Uighur separatists have few friends: some Uighur have migrated to Turkey, where they have won sympathy from a Turkish fascist party. "The Turkish government would like to support us, but they can't because they have the Kurds," said Mr Khamid Khamrayev, translator of an authoritative history book on the Uighur people. "The Kurds are to Turkey what the Uighurs are to China."

"The tragedy of the Uighurs is that they have always been divided. We can't unite. We don't even have a leader, like the Tibetans."

The Uighur separatists are divided both by leadership rivalries and by ideology: some nationalists call their nation Uighurstan while others favour the name East Turkestan, highlighting their links with Turkey and the Turkic peoples of Central Asia.

But lack of international support is the Uighurs' greatest tragedy, Mr Khamrayev said. "Now the Chinese can do anything they want. No one can put any pressure on them. But the Uighurs never lost hope. They'll keep on fighting."



Violent incidents over the past year in the towns of Urumchi and Kashi (Kashgar) have highlighted tensions among the Uighurs and other Turkic peoples in Xinjiang in the far west of China. They share an ethnic heritage with Uighurs in the neighbouring states of the former Soviet Union

US 'sinks' maritime trade talks

By Guy de Jonquieres

The European Union and Japan vowed yesterday to continue seeking an agreement in the World Trade Organisation to liberalise maritime transport, despite an apparent decision by the US to withdraw from the negotiations.

The US told a meeting of trade diplomats in Geneva that it could not see how liberalisation offers submitted by other countries could meet its expectations by the end-June deadline for completion of the talks.

"The US did not say explicitly that it was pulling out of the negotiations," said one trade diplomat after the meeting. "But nobody left the room in any doubt that that was what it meant."

The US statement was strongly criticised by other WTO members, including the EU, Japan, Brazil and Singapore. The EU said it could not reconcile the statement with what Washington had previously led it to believe.

The US announcement particularly angered other WTO members because most of them have blamed the slow progress of the talks almost entirely on foot-dragging by Washington, which has refused even to submit an initial negotiating offer.

US negotiators have long admitted privately that their room for manoeuvre was severely restricted by the difficulty of persuading small but powerful maritime unions to accept a global liberalisation deal in a US presidential election year.

Yesterday's apparent impasse follows the near-collapse last year of WTO negotiations on financial services and the failure of talks on basic telecommunications to reach an agreement by the end of last month, as planned.

In both cases, the outcome resulted from US insistence that other countries' negotiating offers were not good enough.

The financial services talks were resumed after the EU persuaded other countries to reach a deal without the US. However, trade diplomats were uncertain yesterday whether it would now be possible to prevent the maritime negotiations from collapsing entirely.

They said EU efforts to persuade other countries to contribute to a maritime deal had relied heavily on the assumption that Washington could be induced to join in the final stages of the negotiations. But the US had undermined that strategy by apparently ruling out any agreement.

About 40 WTO members have tabled offers in the talks. But because most believed the main value of an agreement would be to commit the US firmly to liberal trade policies in shipping policies, their incentive to make further concessions could be greatly reduced.

Another option would be for some WTO members to agree among themselves on liberalisation measures, though these would not be backed by the full force of world trade rules and disciplines.

Alternatively, participants in the negotiations could decide to extend them until after the US presidential election - the compromise agreed in the telecommunications talks when they failed to reach an outcome last month.

Apec rejects rigid disputes mechanism

By Edward Luo in Cebu, Philippines

The Asia Pacific Economic Co-operation forum yesterday rejected the idea of setting up a formal disputes resolution body like that of the World Trade Organisation.

Mr Adal Custodio, joint head of the Philippine negotiating team to the Apec meeting in Cebu, said disputes among members of the 18-strong forum should be resolved through "voluntary mediation" by appointed "umpires". If trade conflicts could not be resolved on a friendly basis the parties should go to the WTO in Geneva.

In a coded attack on Washington's negotiating tactics with China over intellectual "piracy", Mr Wang Yusheng, head of the Chinese delegation in Cebu, yesterday urged Apec to keep disputes out of the public view. "We should stick to the spirit of Apec, the spirit of a big family," said Mr Wang. "If someone cannot agree with you it's better to wait and have more consultations."

On free trade within Apec, officials said there appeared to be big differences among the "action plans" on tariff cutting submitted by each of the 18 members. The plans, which must be integrated into a coherent package in time for the Apec heads of state summit in the Philippines this November, are supposed to set out

each country's timetable for trade liberalisation under the Apec "action agenda" agreed in Osaka last year. Apec members last year agreed to put into practice the objective of liberalising trade in the region by 2010 for developed countries and 2020 for developing countries.

Hinting at disappointment that several countries had failed to state their true timetables on trade liberalisation before their hands, Mr Custodio said the action plans had displayed "creative ambiguity".

Several delegates said this "creative ambiguity" went against Apec's much-declared objective of eschewing more formal WTO-style trade negotiations in favour of behind-the-scenes candour. The apparent lack of substance in the action plans suggested that most countries would hold back on detail until the 11th hour.

The Philippines government, which appears to be fighting an uphill battle to persuade fellow members of the Association of South East Asian Nations (Asean) to extend unilateral trade concessions to Apec before November, is planning to redouble efforts to integrate the action plans before the heads of state meeting. Apec senior officials will meet again in August in Davao City, southern Philippines, to look at revised drafts of the action plans.

Wall Street star accused of conjuring fictitious profits

Richard Waters on the controversial trial of bond trader Joseph Jett

One-time star bond trader Joseph Jett went on trial in Manhattan this week - and with him, the system for prosecuting alleged wrongdoing in modern financial markets.

Mr Jett, 38, was dismissed by Kidder Peabody two years ago amid allegations that \$350m of profits reported by his trading desk never existed.

Instead, Mr Jett's accusers say, these were fictitious "profits" conjured up by exploiting a loophole in the bank's accounting system, which had failed to keep pace with the complex trading strategies used in today's markets. The revelation led Kidder's parent, General Electric, to dispose of the Wall Street firm.

The former "star" bond dealer, once the most successful black trader on Wall Street's mostly white trading floors, took to the witness stand this week to protest his innocence. Echoing earlier claims that he has been the victim of racism, Mr Jett con-

tinued to depict himself as a scapegoat.

And, in what could be the most telling part of his defence, the former trader claimed that he had never concealed anything.

"You don't acknowledge that you did anything wrong in your trading at Kidder?" he was asked. "That is correct."

Mr Jett answered, later indicating that he would like to continue trading in government securities.

He was asked if he would if he use the same techniques and instruments again. "I've just had two years of my life ripped from me apparently for reconstituted trades done to settle more than one day in the future. I don't believe that that is justified at all... would I risk this happening to me again? No, I would not."

Most of his \$11.4m salary and bonuses for 1993-94 - based on the profit performance - has been frozen.

The Jett case is unlike those

of other recent celebrated "rogue traders" - Nick Leeson, who brought down Barings in February 1995, and Toshihide Iguchi, who lost more than \$1bn for Daiwa Bank. The former Kidder trader does not face criminal charges, and is not even appearing in court. Instead, he appears before an administrative law judge employed by the Securities and Exchange Commission, the same agency that is bringing civil fraud charges against him.

The SEC's decision to bring civil, rather than criminal charges - and to use an administrative law procedure rather than one in federal court - reflects the difficulty of bringing complex financial cases before a jury. It has also brought protests from Mr Jett and his lawyers that he will not face a fair hearing.

According to his accusers, Mr Jett's scheme involves entering more than 60,000 trades in the bank's books. He

bought "stripped bonds" - where the interest and principal payments have been separated and then sold individually. He then recorded his intention of recombining the pieces of these bonds and handing them back to the US Treasury when they matured.

Kidder's accounting system enabled Mr Jett to report a small profit between the price he paid and the price he would get back - even though, in reality, no such profit existed.

Based on sheer complexity, the Jett case has none of the ingredients often found in financial skulduggery, such as hidden transactions and secret bank accounts. The former trader has been quick to point out this week that his trades were reported fully in the bank's records. That contrasts with the Barings and Daiwa cases, which involved allegations of falsified reporting.

If the case goes against him, Mr Jett could be fined and banned from securities trading.



Joseph Jett: "Nothing concealed, nothing wrong" but \$350m adrift in the books

Big Tobacco takes a breather

By Richard Tomkins in New York

Score one for Big Tobacco. US cigarette makers, besieged by multi-billion dollar lawsuits, were yesterday celebrating a badly needed victory in their war with the anti-smoking lobby.

Late on Thursday a federal appeals court threw out by far the most important class action lawsuit pending against the tobacco industry: the so-called Castano case, named after Mrs Dianne Castano, a plaintiff whose husband died of lung cancer in 1993.

The lawsuit - easily the biggest class action suit in US corporate history - had set out to compensate 90m present and former smokers in the US for their alleged addiction to nicotine, seeking damages estimated by the plaintiffs' lawyers at possibly \$50bn.

But three appeal court judges in New Orleans unanimously decided that the class action should be decertified, or rendered invalid, because there were too many differences

between individual smokers' cases for them to be lumped together into one class.

The court's decision is the latest in a series of setbacks for class action lawsuits in the US. Two weeks ago an appeal court in Philadelphia threw out a class action settlement of hundreds of thousands of claims against 20 former asbestos manufacturers, saying there were too many differences between individual cases.

This followed a case in Chicago last year in which 300 haemophiliacs alleged they had contracted the AIDS virus through blood-clotting medicine they had taken. The judge dismissed their class action suit, saying it would violate the defendants' right to determine issues such as the degree to which the plaintiffs were responsible for their injury.

Lawyers say the trend does not reflect a change in the attitude of the courts to class action suits. Rather, it reflects a tendency among plaintiffs' lawyers to seek this form of redress in a growing number and variety of cases.

Mr Michael York, an attorney for Philip Morris, the biggest US cigarette manufacturer, said the rule permitting class action suits evolved decades ago to settle cases where hundreds of people who bought a company's shares on a given day suffered a loss through the company's failure to disclose important information. "In these cases, very narrow issues of liability applied equally to everyone in the class and the damages were the same, the only difference being the multiple of the number of shares bought."

Similar principles had since been applied to disasters such as oil spills or air crashes, where common issues were equally applicable to everyone in the class, Mr York said. "But Castano and some of these other cases are abuses of the class action rule by entrepreneurial plaintiffs' lawyers who file a suit in the hope of winning a class action certificate which by itself will extort a settlement from the industry."

In the Castano case, 80 law-

yers across the US banded together and pledged \$100,000 a year to pursue a class action suit against cigarette manufacturers.

A judge in New Orleans gave the go-ahead to a class action in 1994. But the appeal court said this week that the judge had failed to consider the manageability of a case involving such a vast number of people. It also pointed to another big hurdle: how to take account of different, and sometimes conflicting, tort laws across the 50 states.

Yesterday the Castano lawyers were putting a brave face on the setback, saying they would simply launch class action suits on a state-by-state basis.

But Mr Kenneth Abraham, professor of law at the University of Virginia Law School, said many smokers had lived and smoked in more than one state, raising issues of which state's tort laws should apply, and that a class of, say, 3m people in New York State would still raise the question of manageability.

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NEWS: UK

GM to supply up to 250 locomotives

By Charles Batchelor,
Transport Correspondent

Wisconsin Central Transportation, the new US owner of British Rail's heavy haul freight activities, has ordered up to 250 freight locomotives for around \$250m (\$380m) from General Motors of the US.

Wisconsin needs the new diesel-electric locomotives to replace the ageing diesels it inherited from BR, the UK state network, when it acquired BR's train-load freight operations for £225m in February. The order represents

a blow for European rolling stock manufacturers. But GM, and its US rival General Electric, are generally recognised as the leading world suppliers of diesel-electric freight locomotives.

GM's Electromotive Division said yesterday that it would supply the locomotives at a rate of between 25 and 100 a year. Its plant at Lisle, Illinois will build the engines and electrical components while final assembly will take place in London, Ontario.

The locomotives will have an output of 3,000 hp, sufficient

for UK applications but only half the size of the largest diesels made by GM for use in the US. Similar GM locomotives are already in use in the UK by National Power - to move coal from the pit to power stations, and by Mendip Rail - for moving building aggregates from its quarries in the west of England.

US freight locomotive suppliers have the advantage of long production runs which allow them to produce relatively low-cost, reliable freight locomotives. In Europe the state-owned railways, including BR,

have tended to place smaller orders, frequently changing the design. Wisconsin has complained that many of the locomotives it took over were not reliable or powerful enough.

Wisconsin, which runs freight railroads in the US, has ambitious plans to develop its freight operations in the UK. It hopes to develop single-wagon business, abandoned by BR several years ago in favour of train load or part-train load business, and to expand into container movements and international freight haulage.

● Rail travellers in large

parts of south London will be provided with a high-frequency off-peak service comparable with London Underground timetables from next week.

Network SouthCentral, the British Rail franchise acquired last month by CSEA of France, announced yesterday.

SouthCentral said it also planned to refurbish trains on the London-Brighton line over the next six to nine months and smarten up its stations. The company must boost revenues to compensate for a sharply declining subsidy over its seven-year franchise.

Italian soccer star lured to London

By Patrick Harverson
in London

The Italian soccer player Gianluca Vialli has made history by becoming the first top Italian star to leave Serie A - traditionally the world's richest soccer league - for an English club.

The Italian striker, who led Juventus to victory in the European Champions Cup on Wednesday, signed for Chelsea on a salary worth £1m (£1.5m) a year.

The signing of the Italian is the latest coup for Chelsea, the west London club which last year hired the Dutchman Ruud Gullit, now the club's player-manager. Chelsea was recently floated on the London stock market.

Chelsea can afford a player like Vialli because the vast sums of money generated from match tickets, team merchandise and the sale of television rights - worth £30m over five years to Premier league clubs alone - has given the top clubs the economic muscle to compete for players.

Another factor is a ruling last year by the European Court of Justice which bans clubs from demanding transfer fees for out-of-contract players moving to another country.

Since the so-called "Bosman" ruling - named after the Belgian player who brought a restraint-of-trade case against his club - many English clubs have signed European and south American stars. Before Bosman, Vialli would have cost Chelsea as much as £5m in transfer fees.

Vialli's move to the club reverses a journey taken in the past by some of England's best players. Vialli himself hinted at the change in fortunes yesterday: "My English is poor and I'll have to take courses - but I know the value of the pound." However, English football should not get too excited. At 31, Vialli is regarded as past his prime, and the player has been troubled by injuries.

Peter Aspin,
Weekend FT Page XX

UK NEWS DIGEST

N Ireland arms dispute deepens

Serious differences have emerged between the Irish and British governments over the procedure for all-party talks. The government of the Republic of Ireland is insisting that an initial handover of arms cannot take place before significant political progress has been made. The issue, which has dogged the Northern Ireland peace process since the Irish Republican Army's ceasefire in August 1994, has led to a renewed bout of recriminations between the two governments.

The British believe the Irish are "covering the goalposts" on "decommissioning" of weapons, demonstrating what UK officials say is the propensity of the Irish government to remove the agreed conditions in its efforts to accommodate Sinn Féin, the political wing of the IRA. Irish officials have told the British the parties will have to commit themselves to address "decommissioning" before the negotiations get under way. But an actual transfer of weapons will happen only when there has been "significant progress" in the talks.

FT Reporters

Shipyard wins \$76m order

Kvaerner Govan, the Scottish shipyard which is an offshoot of the diversified Norwegian group, has signed a contract to build a \$76m (€76m) chemical tanker. The order, which is subject to financing being finalised, will provide continuity of work for the yard's 1,300 permanent employees until mid-1997. Delivery is scheduled for spring 1998.

Kvaerner Govan has been seeking more orders to maintain the yard's workload and make fuller use of its capacity. The yard is now fitting out a helicopter carrier for the Royal Navy being built under contract for VSEL. It is also building a \$60m assembly and command ship for an international project to launch commercial satellites from a floating base in the Pacific, and has orders to build an oil products tanker and a oil platform supply vessel. The chemical tanker will be built for JO Tankers, a Norwegian company in which Kvaerner group has a stake.

James Buxton, Edinburgh

Cash for Names frozen

Lloyd's of London has obtained a High Court ruling in London freezing the payment of litigation awards won by Names even when they do not owe money to Lloyd's. The latest move affects £16m (£34.3m) which the Gooda Walker Action Group, representing some of the worst-hit Lloyd's Names, hoped to distribute to members. Names are individuals whose assets have traditionally supported Lloyd's. The ruling said the funds could not be handed over to Names until a series of legal arguments over the treatment of Names' litigation awards are resolved. That is unlikely before Names decide in August whether to back Lloyd's recovery plan.

Lloyd's yesterday published a Mori poll showing that 79 per cent of UK Names were likely to back the market's recovery plan. That compared with 58 per cent in November.

Ralph Atkins, Insurance Correspondent

More gun licences issued

There were 141,700 firearm certificates on issue late last year covering 498,000 firearms. Firearms include all types of gun apart from cartridge shotguns commonly used in birdshots. The issue figure compares with 136,800 certificates in 1992 and a peak of 216,300 in 1988, says the Home Office. The number of registered dealers in firearms was 2,470 at the end of last year, down from a peak of 2,810 in 1988. There were 653,900 shotgun certificates on issue late last year covering 1.5m guns. This compares with a peak of 882,000 certificates in 1988.

Mark Szeeman, London

Regions battle to secure LG's \$1.5bn investment

By Stefan Wagstyl,
Industrial Editor

The stakes have never been higher for those involved in attracting investment to Britain than in the race to secure a proposed £1bn (\$1.5bn) manufacturing complex from LG, the South Korean electronics group.

Never has a company planned to commit so much capital in its initial investment, or intended to recruit as many workers as LG's proposed 4,000.

Months of negotiations have come to a head in the past few weeks as LG prepares its final decision about where to site the plant. The front-runner appears to be Newport, in south Wales, but the group has also examined other sites in Wales, western England and Ireland. Welsh officials are anxious to play down speculation for fear of annoying LG. The group reacted angrily to a BBC report earlier this month that it had already chosen Newport.

There were indications in Seoul this week that it might be another month before LG decides. Three sets of executives are involved. There are those who run the LG chaebol, or industrial grouping, and those responsible for two key affiliates: LG Electronics, which is planning a consumer electronics factory, and its 60-per-cent owned subsidiary LG Semiconductors, which wants

Direct investment in Britain

Investing country	90/91	91/92	92/93	93/94	94/95
Germany	544	214	402	815	1,536.4
France	199	171	59	623	1,188
Japan	1,085	917	109	1,001	1,156
US	1,002	1,087	1,213	1,655	2,577
S Korea	23	95	16	38.7	560
Taiwan	26	15.6	13.5	48.0	189.0
Total	2,880	2,510	1,813	3,447	7,506

Source: BOI (Investment in manufacturing)

to build a microchip plant on the same site. "I've never seen a more complicated case," said one senior British inward investment official.

The tensions over LG's plans highlight how tough the competition for inward investment has become and the ever-increasing role played by government grants.

Companies investing in the UK say decisions are based on a combination of factors. For most non-European companies the main criterion is a desire to establish themselves in the European Union. US, Japanese and Korean groups, alike want to get closer to European markets and to be treated as EU insiders when it comes to trade disputes and similar issues.

Within the EU, Britain has won its place as one of the top destinations for overseas investment because of its accessibility. Only the US compares to foreign investors; Mr Shoichiro Toyoda, the chairman of Toyota Motor, the Japa-

nese carmaker that has a plant in England, said: "The US and the UK are easy and open markets for us."

Companies say that, since all European countries now offer aid to potential investors, grants alone rarely decide an issue. Mr Juergen Gehrels, managing director of the UK subsidiary of Siemens, the German engineering company which is building a semiconductor plant in north-east England, said Siemens was offered more to go to Ireland instead of the UK but chose the UK because it was a much bigger market for Siemens' products. "Grants matter but they are not decisive."

Wales and Scotland have an important advantage with their own government departments and well-funded development agencies. In the year to March 1995, Wales and Scotland won £2.5 per cent of all grants to investors in assisted areas, even though they account for only 14 per cent of the population.

Senior Labour MP warns of risk outside Emu

By John Kampferer,
Chief Political Correspondent

A senior member of the opposition Labour party warned yesterday of grave dangers for Britain if it chose to stay out of a single European currency.

Mr Andrew Smith, the party's shadow Treasury chief secretary, said a meeting of Austrian bankers in Vienna that a decision to go it alone after the start-up date of 1999 could lead to the "marginalisation of our economic voice in the world".

Financial markets, Mr Smith said, might interpret a refusal to join the core as demonstrating "a preference for retention of devaluation as an instrument of policy".

He added: "In such circumstances there is a risk that, as now, an interest rate premium will be demanded on sterling debt and a higher rate of return on investment in the UK." Britain, he said, might then lose out on investment.

While Labour would decide primarily on economic grounds, the UK now needed to begin a "hard-headed evaluation of the relative advantages and disadvantages of our participation". But British business was waking up to the fact that staying out would not be a "cost-free option".

Mr Smith's speech, to the

board of Österreichische Nationalbank, was seen as one of the more enthusiastic assessments of the prospects for the currency.

Mr Tony Blair, the party leader, has recently been more circumspect in his public views on Emu. Mr Gordon Brown, the shadow chancellor who is seen as one of the most enthusiastic advocates of Emu, has announced that the Labour party will organise a conference of leading City of London figures to debate the main issues.

In a recent speech in Paris, Mr Brown said he needed to "take account of the effects on employment, industry and possible effects on the City of London and our other centres for financial services".

Labour, like the government, has said it will not take part in the new exchange rate mechanism, to be introduced as part of preparations for monetary union.

Mr Smith said self-imposed exclusion from EMU would deny Britain a say not only in the operations of the European Central Bank, but on more general issues such as:

- the enforcement of deficit reduction requirements
- the determination of external exchange rate policy for the euro (the name for the single currency).

BUSINESSES FOR SALE

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ASTIKA AKINITA

INCORPORATED COMPANY OF REAL ESTATE CONSTRUCTIONS TOURIST AND RELATED ENTERPRISES

PUBLIC CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF THE "MARTIN BEACH" HOTEL UNIT

"ASTIKA AKINITA S.A." (43 Panepistimiou str., 105 64 Athens) under its capacity as special liquidator, by virtue of Judgments nos. 583/1994 and 229/1995 of the Larissa Court of Appeal, of the assets of the hotel unit under the title "MARTIN BEACH" (henceforth referred to as the "Enterprise") which is owned by the incorporated company "MARTIN BEACH HOTEL S.A."

ANNOUNCEMENT
A public call for tenders with sealed, binding offers, for the sale of the assets of the "Enterprise" which has come under special liquidation by virtue of article 46a, L. 1892/1990.

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY
The above unit is owned by the incorporated company "MARTIN BEACH HOTEL S.A." which was established by act no. 10,077/16.1.1995 of the Athens notary public K. Gerasimos. The head office of the company according to its articles of association is the Municipality of Skiathos, Prefecture of Magnesia. The company operated the hotel unit until the issue of the above judgments by the Larissa Court of Appeal, whereupon it came under special liquidation as provided by article 46a, L. 1892/1990 and the company ASTIKA AKINITA S.A. was appointed special liquidator.

The hotel unit under sale belongs to Hotel Class B and has a capacity of 41 rooms - 80 beds. It is located at Tzerna, Isle of Skiathos, at a distance of approx. 4.5 km. from the town, on a site with a total area of 4,936.46 sq.m. The hotel complex consists of two (2) main buildings - wings covering a total constructed area of 2,230 sq.m. plus terraces and semi-covered areas, erected on different levels in line with the considerable natural inclination of the ground.

INVITES
all interested parties to receive an offer memorandum and submit a sealed, binding offer accompanied by a letter of guarantee by a Bank operating lawfully in Greece, for the sum of forty million drachmas (Dr. 40,000,000) with the contents described in the offer memorandum.

CONDITIONS
1. The public call for tenders will be carried out in accordance with the provisions of article 46a, L. 1892/1990 which was added to the law by virtue of the provision of article 14, L. 2000/91, as amended, modified and applicable, the terms included in the present call for tenders and the terms of the offer memorandum, which interested parties may obtain after submitting a pledge of confidentiality in writing.

2. In order to participate in the call for tenders, interested parties are invited to deliver a sealed, binding offer in writing by 11:00, Monday, June 24, 1996 to the Skiathos notary public Christos K. Gerasimos, 28 Al. Papadimitriou street, 379 02 Skiathos, tel.: (0427) 2,222, fax: (0427) 2,1988.

3. The offers and the letter of guarantee must be delivered in a sealed, opaque envelope by the interested party in person or a duly authorized representative.

4. The offer must mention clearly the amount offered for the purchase of the hotel unit of the "Enterprise" and must not contain any terms, options or vague phrases which might create uncertainty as to the amount, the manner of payment of the sum being offered or other matters related to the sale.

5. Offers delivered after the expiration date will not be accepted and will not be considered. The binding nature of the offers will apply until the award of the sale.

6. The assets of the "Enterprise" and all the secondary fixed or current attributes of which they consist, such as real estate, movable objects, claims, name, title, rights, etc. will be sold and transferred "as and where they are", i.e. in their real and legal condition and at the place where they are located on the date of signing the contract of sale.

7. The liquidating company and the creditors representing 51% of total claims against the "Enterprise" (para. 1, article 46a, L. 1892/1990 as applicable) are not liable for any legal or real defects or the lack of any

attributes of the objects and rights being sold, nor are they liable for any omissions or inaccuracies contained in their description in the offer memorandum or any correspondence.

8. Interested potential purchasers are obligated, under their own supervision, and by their own means, expenses and personnel, to investigate and acquire a personal perception of the objects being sold, and to mention in their offer that they are fully informed as to the real and legal status of the assets under sale.

9. The liquidator and the creditors mentioned in para. 7 above are entitled, according to their own judgement, to reject offers containing terms and options, or the phrases referred to in para. 4 above, regardless of whether they are superior to other offers as regards the amount being offered. In every case, the creditors are entitled, according to their own judgement, to dismiss offers containing terms or options, regardless of whether such offers are superior to others, or consider such terms as not included, in which case the offer remains binding as to its other contents (article 2, para. 3, L. 2302/1995).

10. In the event that the highest bidder violates his obligation to come forward and sign the relevant contract within ten (10) days from the invitation by the liquidator and observe the obligations arising from the present announcement, the letter of guarantee is forfeited in favour of the liquidating company towards covering all its expenses of any type and its services, as also any direct or indirect damages, without the necessity of proving specific damage, and as a penal clause in favour of that company, deemed as having been submitted with the offer, so that the guarantee may be collected from the issuing Bank. The letters of guarantee are returned to all the other participants following the evaluation report of the liquidator, and to the successful bidder, to whom the sale will be awarded following the payment of the amount agreed and the drafting of the payment order.

11. The seals of the offers will be broken by the notary public mentioned above, at his office, at 12:30 on Monday, June 24, 1996.

12. The successful bidder will be the party whose offer will be judged by the liquidator and approved by the creditors mentioned in para. 7 of the present, as being the most advantageous for the creditors of the "Enterprise".

13. The liquidator will notify the successful bidder in writing of his obligation to come forward to the place and at the time determined in the notification, for signing the contract transferring the assets, according to the terms of the offer and any improved terms that may be indicated by the creditors and agreed with the highest bidder.

14. All expenses and costs arising from participation in the tender and the transfer of assets (such as taxes, stamp duty, notarial fees, V.A.T., publications, etc.) will be borne by the interested potential purchasers and the highest bidder respectively.

15. In the event of part of the purchase amount being on credit, the highest bidder will be under the obligation to provide any guarantee requested by the liquidator according to its own, exclusive judgement, and will be burdened with all related expenses and fees for the formation of such guarantees and their cancellation.

16. The liquidator and the creditors will not bear any responsibility or liability against those who participate in the tender as regards the evaluation of the offers, their recommendation of the successful bidder, the decision for the rejection or cancellation of the tender and any other decision relevant to the procedure and realisation of the tender.

17. The present announcement has been drafted in the Greek language and translated into the English language. In every instance however, the Greek text will prevail.

Interested parties may collect offer memorandums and receive other information from Mr. George Pournindas and Mr. Alexandros Meggos, 43 Panepistimiou str., 105 64 Athens, tel. nos: 326.6113 and 326.8080, fax no: 326.6118.

ASTIKA AKINITA

INCORPORATED COMPANY OF REAL ESTATE CONSTRUCTIONS TOURIST AND RELATED ENTERPRISES

PUBLIC CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF THE "SKIATHOS PRINCESS ELISABETH" HOTEL UNIT

"ASTIKA AKINITA S.A." (43 Panepistimiou str., 105 64 Athens) under its capacity as special liquidator, by virtue of Judgments nos. 583/1994 and 229/1995 of the Larissa Court of Appeal, of the assets of the hotel unit under the title "SKIATHOS PRINCESS ELISABETH" (henceforth referred to as the "Enterprise") which is owned by the incorporated company "SKIATHOS TOURISM HOTEL AND GENERAL ENTERPRISES P.V. DERVENIS S.A."

ANNOUNCEMENT
A public call for tenders with sealed, binding offers, for the sale of the assets of the "Enterprise" which has come under special liquidation by virtue of article 46a, L. 1892/1990.

BRIEF DESCRIPTION OF THE UNIT
The above unit is owned by the incorporated company "SKIATHOS TOURISM HOTEL AND GENERAL ENTERPRISES P.V. DERVENIS S.A." which was established by act no. 10,876/1.10.1989 of the Skiathos, notary public Christos K. Gerasimos, with head offices in the Municipality of Skiathos, Prefecture of Magnesia. The company operated the hotel unit until the issue of the above judgments by the Larissa Court of Appeal, whereupon it came under special liquidation as provided by article 46a, L. 1892/1990 and the company ASTIKA AKINITA S.A. was appointed special liquidator.

The hotel unit under sale belongs to the Luxury Class and has a capacity of 133 rooms - 264 beds. It is located on the coast, at Agia Paraskevi, Isle of Skiathos, at a distance of approx. 6 km. from the town, on a site with a total area of 27,345.00 sq.m. The hotel complex consists of seven (7) main buildings - wings covering a total land area of 4,116.25 sq.m. plus covered areas, a total constructed area of 8,932 sq.m., and a number of auxiliary buildings serving the additional operational requirements of the unit.

INVITES
any interested party to receive an offer memorandum and submit a sealed, binding offer accompanied by a letter of guarantee by a Bank operating lawfully in Greece, for the sum of one hundred and fifty million drachmas (Dr. 150,000,000) with the contents described in the offer memorandum.

CONDITIONS
1. The public call for tenders will be carried out in accordance with the provisions of article 46a, L. 1892/1990 which was added to the law by virtue of the provision of article 14, L. 2000/91, as amended, modified and applicable, the terms included in the present call for tenders and the terms of the offer memorandum, which interested parties may obtain after submitting a pledge of confidentiality in writing.

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3. The offers and the letter of guarantee must be delivered in a sealed, opaque envelope by the interested party in person or a duly authorized representative.

4. The offer must mention clearly the amount offered for the purchase of the hotel unit of the "Enterprise" and must not contain any terms, options or vague phrases which might create uncertainty as to the amount, the manner of payment of the sum being offered or other matters related to the sale.

5. Offers delivered after the expiration date will not be accepted and will not be considered. The binding nature of the offers will apply until the award of the sale.

6. The assets of the "Enterprise" and all the secondary fixed or current attributes of which they consist, such as real estate, movable objects, claims, name, title, rights, etc. will be sold and transferred "as and where they are", i.e. in their real and legal condition and at the place where they are located on the date of signing the contract of sale.

7. The liquidating company and the creditors representing 51% of total claims against the "Enterprise" (para. 1, article 46a, L. 1892/1990 as applicable) are not liable for any legal or real defects or the lack of any

attributes of the objects and rights being sold, nor are they liable for any omissions or inaccuracies contained in their description in the offer memorandum or any correspondence.

8. Interested potential purchasers are obligated, under their own supervision, and by their own means, expenses and personnel, to investigate and acquire a personal perception of the objects being sold, and to mention in their offer that they are fully informed as to the real and legal status of the assets under sale.

9. The liquidator and the creditors mentioned in para. 7 above are entitled, according to their own judgement, to reject offers containing terms and options, or the phrases referred to in para. 4 above, regardless of whether they are superior to other offers as regards the amount being offered. In every case, the creditors are entitled, according to their own judgement, to dismiss offers containing terms or options, regardless of whether such offers are superior to others, or consider such terms as not included, in which case the offer remains binding as to its other contents (article 2, para. 3, L. 2302/1995).

10. In the event that the highest bidder violates his obligation to come forward and sign the relevant contract within ten (10) days from the invitation by the liquidator and observe the obligations arising from the present announcement, the letter of guarantee is forfeited in favour of the liquidating company towards covering all its expenses of any type and its services, as also any direct or indirect damages, without the necessity of proving specific damage, and as a penal clause in favour of that company, deemed as having been submitted with the offer, so that the guarantee may be collected from the issuing Bank.

The letters of guarantee are returned to all the other participants following the evaluation report of the liquidator, and to the successful bidder, to whom the sale will be awarded, following the payment of the amount agreed and the drafting of the payment order.

11. The seals of the offers will be broken by the notary public mentioned above, at his office, at 12:30 on Monday, June 24, 1996.

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14. All expenses and costs arising from participation in the tender and the transfer of assets (such as taxes, stamp duty, notarial fees, V.A.T., publications, etc.) will be borne by the interested potential purchasers and the highest bidder respectively.

15. In the event of part of the purchase amount being on credit, the highest bidder will be under the obligation to provide any guarantee requested by the liquidator according to its own, exclusive judgement, and will be burdened with all related expenses and fees for the formation of such guarantees and their cancellation.

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0171 873 3234

Alders drops after losses in duty-free arm

By Christopher Brown-Humes

Alders, the UK department store group whose international duty-free arm is being fought over by BAA and Swissair, yesterday reported a 51 per cent drop in interim pre-tax profits from £16.5m to £8m.

The figures for the six months to March 31 included a £1m operating loss for Alders International - the unit being sold - after a £3.5m profit a

year earlier. The department stores increased profits from £10.1m to £11.6m.

The figures were brought forward for inclusion in the circular relating to the proposed sale of Alders International to BAA for £130m. But the disposal is being strongly contested by Swissair, which has tabled a rival £145m offer which it insists is put to Alders shareholders at an EGM on June 10. The two camps were locked

in a war of words earlier this week over whether Swissair's bid was legally binding.

Alders said its international operations had been hit by initial trading losses on duty-free contracts at Copenhagen and Brisbane airports. It also noted that its rapid overseas expansion programme had increased the seasonality of the business. Sales at the unit expanded from £193.7m to £297.5m.

The 12 department stores and 10 out-of-town stores increased sales by 8.2 per cent to £191.7m, helped by the deferral of the mid-season sale into the second half. It said its gross margin was "satisfactorily ahead of last year".

The company said the recent performance of the department stores "had been the strongest for many years" with sales in the 12 weeks to May 18 up by 19.2 per cent. Like-for-like sales

grew by 11.5 per cent. Alders is likely to use the figures to justify its decision to sell Alders International. The disposal will leave it with net cash of £60m for investment in the department stores, although it is also considering returning some of the surplus to shareholders.

The interim dividend is maintained at 2.4p. Earnings per share slipped from 11.3p to 3.8p.

Graham shares down 8% after profit warning

By Simon London

Shares in Graham Group fell 8 per cent yesterday, after the UK's second largest builders merchant warned that profits in the first half would be significantly lower than the same period of last year.

Mr Gordon Yardley, the chairman, told the annual meeting that poor market conditions had placed pressures on both sales volumes and margins.

Mr Ian Mills, chief executive, said that the small improvement in the second-hand housing market had not led to an increase in housebuilding activity.

While Graham had continued to gain market share in recent months, sales of building products remained generally weak, he added.

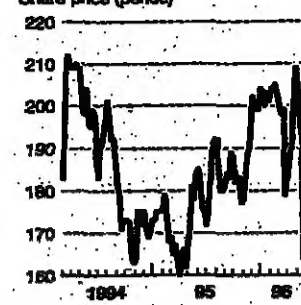
Builders' margins are also being squeezed by stable prices. Inflation allows merchants to buy stock from producers at lower prices than they sell to customers.

Mr Mills said that the main bright spot was increased spending by consumers on kitchens, bathrooms and other home improvements products.

However, consumer business accounts for only about 10 per cent of Graham's sales. Last June it paid £51.8m for Erith, a rival chain, to become

Graham Group

Share price (pence)



Source: FT Estimate

the UK's second largest builders merchant. Mr Mills said that the expected levels of cost savings and other benefits arising from the deal had been achieved.

"The problems are concentrated more on the Graham business than at Erith. The integration of the two businesses has gone very smoothly," he said.

Graham shares slipped 15p to 184p in March, when the company warned that sales in the early months of 1996 had been hit by poor weather and continuing weakness in the housing market.

Yesterday the shares shed 15p to 164p, as analysts cut profits forecasts for this year and next.

Dawson acquires its partner Surridge for £15.4m

By Claire Gascoigne

Dawson Holdings, a provider of information-related services, is to take over PWJ Surridge, an investment company for £15.4m. The two groups each own 50 per cent of Surridge Dawson, the UK's third largest newspaper distributor after WH Smith and John Menzies, with a market share of 12 per cent.

Dawson shares rose 35p to £15.50. Dawson Holdings, which is quoted on AIM, also announced interim pre-tax profits of £14.5m, up 14 per cent on last year's £12.7m. Turnover rose 2 per cent to £298.5m.

The offer, of £496.33 in cash and 40.11 new Dawson shares for each Surridge share, values Surridge at £1,019.76 per share or a total of £15.4m.

Mr Peter Brown, chairman of Dawson Holdings, said it was a "very positive move. We have been in discussions for about 20 years". The offer is being funded in part by additional bank facilities of £8m from National Westminster.

The move, which opens the way to a full listing for Dawson, repositions the group with three divisions: library supply, which operates in the US, France and the UK; a systems company, Data Trek, which offers document control systems for libraries; and Surridge Dawson.

Surridge Dawson had turnover of £235.9m in the year to September, compared with Dawson Holdings' £328.9m. Mr Brown said there were no plans to alter Surridge Dawson's management or strategy, but, with newspaper distribution under increasing pressure, a demerger of 50-50 ownership did not make sense.

Mr Brown described the half year as "very satisfactory". The integration of Faxcom, its US division which was bought in 1994, was now complete. He said there was a lot of growth in Data Trek.

Earnings per share were 219.6p (145p). The interim dividend rose 2p to 12p.

Wolverhampton fails to impress with flat half

By David Blackwell

Shares in Wolverhampton & Dudley Breweries fell yesterday after the UK's largest regional brewer reported interim profits only marginally ahead.

Pre-tax profits rose by 1.3 per cent to £18.2m in the six months to March 31. The group blamed the outcome on lower property profits and the fact that the fall in interest payable was lower than the profits earned last time from Crown and Raven Hotels, sold just over a year ago. Interest payable fell from £2.18m to £1.78m.

Sales of continuing operations were 6 per cent ahead at £118.2m. Beer and cider volumes were 1.7 per cent higher in a flat UK market, while take-home volumes rose by just over 7 per cent. However, the higher margin premium lagers were lagging

behind market growth.

Mr David Thompson, managing director, said the group would be raising wholesale beer prices by about 3 per cent on June 3 and had already increased the retail price. Banks's, the leading Midland brand, had been repositioned as an ale instead of a mild beer.

Distribution had recovered but margins had come under pressure, partly from the high cost of promotions.

The group ended the period with just over 1,000 pubs - 604 managed and 399 tenanted. Rationalisation of the tenanted estate, which had been running at about 25 to 30 pubs a year, was almost complete. The managed estate continued to grow, but the cost of opening some of the concept pubs had proved higher than expected.

Earnings per share were 4 pence higher at 18.8p (18.1p), reflecting a fall in its tax rate from 33 to 31 per cent. Excluding property profits, earnings were up 6 per cent at 18.7p, and the interim dividend is increased 11 pence to 6p.



Ralph Findlay, finance director (left), with David Thompson: plan to raise wholesale beer prices

reflecting a fall in its tax rate from 33 to 31 per cent. Excluding property profits, earnings were up 6 per cent at 18.7p, and the interim dividend is increased 11 pence to 6p.

COMMENT
The 31p fall in the share price to 852p yesterday looks

justified. Wolves surprised the market with news that the costs of expanding the retail side were higher than expected, and that food margins had fallen by a percentage point. There is also no guarantee that the rise in wholesale beer prices will stick. With a 3 per cent share of the UK market, the group is too

small to be effective competition against the majors and too big to play the niche brewer like Morland. Forecasts for the full year were trimmed yesterday to £42m, giving a prospective multiple of 15. This could be seen as fair value - but there is an element of uncertainty that perhaps is not there for some of the other regionals.

Digital decoder demand set to quicken Pace

By Jane Martinson

Increased demand for Pace Micro Technology's digital decoders is set to double full-year profits at the satellite receiver manufacturer in the last three months of the year.

In its pathfinder prospectus, published yesterday, the company estimated that pre-tax profits for the year to May 31 would be more than £18.1m.

In the nine months to March 2 the company achieved profits of just £2m. The rapid growth in the last quarter was because of the success of the digital satellite TV receiver decoders launched last August, said Mr Steve Jones, finance director.

Prior to yesterday's publication Panmure Gordon, the house broker, had forecast profits of £17.1m for the year, and £24.4m for 1997.

The flotation of 55 per cent of the existing equity plus some new shares is expected to value the company, founded in 1992, at more than £250m.

Mr David Hood, founder and joint chief executive, who owns 58.4 per cent of the stock, is set to gain almost £80m. Three other directors, with various stakes, will share the rest of the windfall.

The new shares to be issued

will raise some £20m, which will be used to reduce the company's £12.7m net debt and increase working capital. Mr Jones said the money would help flatten out seasonal fluctuations in demand and improve efficiency.

Brokers Panmure Gordon and BZW will join the company on an international roadshow next week, which will begin in continental Europe, before moving on to North America and the UK.

Mr Pat O'Reilly, at Panmure Gordon, said yesterday that initial indications had been very positive.

Earnings per share estimated in the prospectus would be not less than 6p for the year. Conditional dealings are to start on June 20, when the final prospectus will also be published.

Mr Nick Temple, chairman of International Business Machines' UK subsidiary, and one of the computer group's "high-fliers" has retired unexpectedly aged 49. He has been replaced by Mr JB (Barrie) Morgan, aged 54, in demand in the prospectus would be not less than 6p for the year.

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IBM high-flier quits unexpectedly

By Alan Carne and Paul Taylor

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In 1991 he became general manager of the UK company and is credited with returning it to profitability. The following year he was named chief executive of the UK operations and was subsequently appointed to IBM's worldwide management council - one of the first Europeans to hold such a position.

In a move which took some by surprise he became general manager of IBM's banking, finance and securities industry operations in Europe, the Middle East and Africa in 1994.

Like Mr Temple, Mr Morgan is an IBM veteran, having joined the company from British Steel in 1967 as a cost accountant at the company's Havant plant. After a number of senior positions in finance, he was appointed director of quality and management services in 1992 and director of services in 1994. He continues as chief executive of the UK operations, a position he has held since 1995.

Brightstone agrees CNC offer

By Claire Gascoigne

Brightstone Properties, the property management and investment company, has agreed a revised bid from rival Clarke, Nickolls & Coombs of 17 Clarke shares for every Brightstone share.

The revised offer values Brightstone at £9.2m, with each share at 131.75p. Brightstone shares stood at 129p at yesterday's close, with Clarke

shares at 74p. The original offer of 16 Clarke shares for each Brightstone share, valued Brightstone at £8.6m, was launched at the beginning of May. Brightstone's unlisted entrepreneur investors Mr Luke Johnson, chairman of Pizzapress, Mr Matthew Allen and Mr Hugh Osmond to help seek a non-property reverse takeover.

However, in the light of the revised offer the investor group felt it would not receive sufficient shareholder support for its alternative plan, which would have meant the sale of its property interests and a change of direction for the group. Mr Johnson had previously said he was not interested in a "messy fight".

Brightstone said it was not in talks with any other third party. In 1995 it made pre-tax profits of £385,000 while CNC made £15.1m.

Shares in Greenwich Resources rose from 13p to 14p yesterday, after the UK-based mining company announced settlement of a four-year dispute with Pancontinental Mining, the Australian group recently taken over by Remcon Goldfields.

Greenwich has received £56m (£3.15m) following settlement of the dispute about the UK company's net profit interest in the Paddington gold mine in Western Australia.

Mr Colin Phipps, chairman, said the settlement should also result in annual payments averaging £82m at least to the year 2001, provided the mining operations at Paddington run according to plan and profitability remained as forecast by Pancontinental.

"This will provide... the funds necessary to develop the group's projects in Greece, the Czech Republic and elsewhere," Mr Phipps added.

Greenwich gets AS6m settlement

By Kenneth Gooding, Mining Correspondent

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"This will provide... the funds necessary to develop the group's projects in Greece, the Czech Republic and elsewhere," Mr Phipps added.

United Friendly withdrawal

By Ralph Atkins, Insurance Correspondent

United Friendly, the life insurer, is to stop selling motor insurance from July 1, becoming the latest company to withdraw from the sector because of fierce competition.

Mr George Mack, deputy chief executive, said motor was not an important part of the group's business and "we see no real prospect for satisfactory trading in the foreseeable future". Existing motor policies will continue to be serviced, or "run-off".

The move highlights the pressures faced by smaller motor insurers in particular, after two years of falling premium rates triggered by telephone-based direct insurers.

United Friendly insures about 35,000 cars and the business generated £30m in annual premium income. Last year private motor produced a small loss after increases in reserves to take account of new guidelines on personal injury court awards.

Glory is shortlived as WBB shares fall 30p

By David Blackwell

Shares in Watts Blake Beattie, the world's largest supplier of ball clay, fell 30p to 515p yesterday as the chairman warned that it would be "no easy task to maintain the continuous profit growth that we have experienced over the last few years".

The share price fell lent some irony to Mr Michael Beckett's statement to the annual meeting. His boast that the share price "is at its highest value since WBB went public in 1966" was shortlived.

UBS, the group's brokers,

reduced its forecast for this year from £12.5m to £11.7m.

Last month the group reported a 14 per cent increase in pre-tax profits for 1995 to £11.3m, on sales of £104.9m, up 22 per cent. The group said this year had seen a slower start, but there was nothing to be concerned about.

But yesterday Mr Beckett warned of difficult conditions in its main markets: Germany, Italy, and the US. He said: "We are unlikely this year to record growth on the significant scale experienced in 1995." However, the group was performing better than its competitors.

Bank keeps Rodime afloat

By James Buxton

Rodime, the disc drive pioneer whose only trading is the commercialisation of its patents, made a rare pre-tax profit in the six months to March 31.

Pre-tax profit was \$5.1m (£3.35m), against a loss of \$2m. The Edinburgh-based company received \$6.4m from the repayment of a guarantee provided to Bank of Scotland on borrowings by Rodime Singapore, a

former subsidiary. It also received \$1.2m (\$19,000) in operating income as royalties from one of its licensees. But there was an operating loss of \$319,000 (\$1.1m).

The repayment was agreed with Bank of Scotland to keep Rodime afloat until the conclusion of litigation with Seagate, a US disc drive maker. The trial, over allegations of patent infringement, is due to start in the US on October 1.

A springboard for financial success

Over the bank holiday weekend six football clubs will play their final games in a season-long battle for promotion to a higher division.

Yet for Crystal Palace, Leicester, Bradford City, Notts County, Darlington and Plymouth Argyle there is more than footballing pride at stake - the financial rewards of promotion are considerable, and growing every year.

For some of the bigger clubs, promotion can be a springboard to previously unimagined financial and footballing successes. Newcastle United were threatened with relegation to the second division four years ago. But within a year they were promoted to the Premier League and have never looked back since.

Mr Richard Baldwin, a partner at accountants Deloitte Touche specialising in football business, says when Newcastle was promoted to the top flight the club's revenues almost doubled, from £8.7m in 1993 to £17m in 1994 (the most recent year's figures available).

For promoted clubs, the extra money comes from larger attendances, higher ticket prices, a share of a more lucrative television rights contract and bigger sponsorship and

Six football clubs are facing a vital weekend. Patrick Harverson reports

merchandising revenues. With its big stadium and fan base Newcastle was perfectly placed to make the most of its good fortune.

However, the financial rewards of promotion are not so great for smaller clubs. West Ham United, promoted alongside Newcastle in 1993, saw its revenues rise just under 50 per cent to £9.5m in its first year in the Premiership.

Mr Ron Noades, chairman of Crystal Palace - which plays Leicester City for the final Premier League place - agrees there is a lot at stake for the club financially on Monday. "It's in the region of £2m," he says of the difference between staying in the first division and going up. He estimates in the Premier League his club would earn an extra £1.5m from television fees and approximately another £1.5m from increased gate receipts and merchandising sales.

However, he says the financial rewards of promotion could soon be even greater if a new, larger television contract is negotiated before next season. "It depends on whether

there is a new TV contract but if there is it could go up to between £3m and £6m," says Mr Noades.

Further down football's food chain, the benefits of promotion are not so great for smaller clubs. Smaller clubs climbing the ladder often have to spend money after they have won promotion to improve the facilities at their stadiums. In the Premier league and first division they have to be all-seater.

Also, after clubs are promoted they often pay substantial sums to sign new players in an attempt to consolidate their position in the higher division.

However, if the club is large enough the economics of promotion should work in its favour. Middlesbrough, which moved up to the Premier league at the end of the 1995 season, spent money on a new stadium and several big-name players yet still came out on top. Mr Keith Lamb, its chief executive, said a few months ago: "Since the club was promoted our costs have risen by 50 per cent but our income has gone up 200 per cent."

Preston attracted an average gate of 10,000 this season, and Mr Laurence King, finance director, says the club hopes the figure will rise to 13,000 in the second division. At an average ticket price of £9 a seat, that would translate into extra revenues of more than £600,000 over a single season. Promotion also means the



Delays and shake-up slow Fenchurch

By Claire Gascoigne

Rationalisation costs and project delays cut interim pre-tax profit at Fenchurch, the insurance broker, by 39 per cent to £2.28m despite a 12 per cent rise in turnover to £18m.

The share price dropped 10p to 119p.

Mr Michael Small, chief executive, said rationalisation and integration of the Houlder business would continue in the

second half and benefits would not be seen until next year. "It is still an immensely competitive market," he said.

Like-for-like turnover rose 2 per cent to £16m, with the £3.73m Houlder acquisition, bought in December, adding £2m in revenue.

In the international and project division, where income fell by £1.17m, Mr Small said: "We misjudged the lumpiness of this business, but the potential

is enormous." Several international projects were delayed due to local political instability.

On the retail side he said general business remained under pressure, but the life and pensions side was growing very strongly.

Expenses rose 24 per cent to £16.6m, although Mr Small said they were "getting to grips" with the rise through the rationalisation. "This is neces-

sary for the long-term future," he said. Earnings per share fell from 6.6p to 3.5p, and the interim dividend is maintained at 2.75p.

Mr David Griffiths, finance director, said dividend cover, at 1.8, was "a bit thin" compared to Fenchurch's historical cover of 1.8, but he would be disappointed if Fenchurch could not maintain the dividend at the full year.

RESULTS

		Pre-tax profit (£m)		EPS (p)		Dividends			
	Turnover (£m)			Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year	
Alders	6 mths to Mar 31	498.2 (270.5)	8 (16.5P)	3.8 (11.3)	2.4	Aug 22	2.4	-	7
Bario	Yr to Mar 31	114.8 (115.5)	2.48 (5.54)	1.58 (3.21)	0.6		0.6	1	1
Castings	Yr to Mar 31	96.3 (90.2)	8.43 (7.33)	15.01 (12.36)	3.09	Aug 8	2.975	4.31	3.975
Chamberlain & Hill	Yr to Mar 31	27.5 (26.4)	1.73 (1.33)	15.6 (14.14)	5	June 11	4.75	7.5	7
Cheltenham & Gloucester	Yr to Dec 31	2.76 (5.24)	0.119 (0.803)	0.32 (5.34)	-		-	-	-
Dawson Holdings & Fenchurch	6 mths to Mar 31	286.8 (281)	14.5 (12.74)	218.8 (145)	12	July 19	10	30	30
Graham	6 mths to Mar 31	17.97 (16.13)	2.28 (3.83)	3.5 (5.8)	2.75	Aug 2	2.75	8.5	8.5
Great Western	6 mths to Mar 31	12 (9.4)	0.132 (4.3)	7.4 (7.1)	0.5	July 2	2.75	3.3	3.3
PWS Holdings	6 mths to Mar 31	6.73 (7.43)	0.558 (0.342)	1.21 (0.8)	0.3	Aug 2	0.25	0.5	0.5
Rodime	6 mths to Mar 31	1.24 (0.019)	5.08P (1.88)	3.1 (1.2)	-		-	-	-
Waters	6 mths to Jan 31	0.425 (1.55)	0.414P (0.422)	0.35 (0.28)	-		-	-	-
Wolverhampton & Dudley	6 mths to Mar 31	118.2 (116.5)	18.2P (17.5P)	18.8 (18.1)	6	June 28	5.4	15.3	15.3
		After-tax profit (£m)		EPS (p)		Current payment (p)		Date of payment	
Investment Trusts	MAY (p)								
Greenwich	4 mths to Apr 30	55.12 (53.18)	0.093 (4.7)	1.51	1 (1.5)	0.28	-	5.78	5.78
English National	Yr to Mar 31	33.1 (28.4)	0.425 (0.86)	0.17	0.38	0.17	June 27	5.4	5.78
Planning Institute	6 mths to Mar 31	59.4 (52.4)	0.165 (0.352)	0.17 (0.71)	-	-	-	12	12

COMPANIES AND FINANCE: INTERNATIONAL

Japan's banks make progress up debt mountain

By Gerard Baker in Tokyo

A uniquely favourable financial climate enabled Japanese banks to make greater progress towards tackling their bad loan problems in the year to March than at any time since the country's banking crisis began five years ago.

The combined effects of falling interest rates and soaring securities markets gave the large city, or commercial, banks vital leeway in writing off a total of more than ¥6,000bn (\$56.2bn) in bad loans accumulated during the collapse of the "bubble" economy since 1991.

Several of the leading banks now report that most of their problem loans are largely covered by specific reserves, and hence that their long crisis is over.

But for most lenders, euphoria at the progress made must be tempered by the realisation that there is much further to go before the period of asset quality problems can be put firmly behind them.

Yesterday most of the city banks reported a sea of red ink, their largest losses ever, as a result of their decision to write off the loans. They were

	Operating revenue 1995-96	Operating revenue 1994-95	Net business profit 1995-96	Net business profit 1994-95	Recurring profit 1995-96	Recurring profit 1994-95	After-tax profit 1995-96	After-tax profit 1994-95	Bad loans**	Change since Sept 95 (%)
Sanwa	3,136.0	2,753.4	490.9	304.9	-281.5	46.8	-279.5	36.8	1,157.0	-14.6
Fuji	2,991.9	2,870.9	466.6	298.3	-500.1	38.1	-429.8	34.3	1,712.4	-25.5
Mitsubishi	2,982.0	2,872.1	412.8	248.6	-130.3	45.0	-33.8	32.2	623.8	-0.6
DKB	2,764.1	2,416.5	518.1	225.1	-128.7	54.2	-20.2	30.2	1,378.6	-1.3
Sumitomo	2,542.4	2,812.8	414.3	243.6	-38.7	32.7	-335.7	42.1	1,467.4	+3.4
Sakura	2,491.0	2,816.0	333.2	180.1	-382.3	66.0	-428.8	24.5	1,932.7	-6.7
Bank of Tokyo	1,919.0	1,484.6	232.2	172.4	-96.3	54.2	-17.4	45.9	532.3	-2.6
Total	1,887.1	1,463.5	225.1	145.8	-286.3	29.7	-346.2	21.0	1,156.1	-2.1
Asehi	1,190.7	1,287.1	203.4	146.7	-162.0	33.7	-139.7	19.2	782.8	-4.0
Daiwa	990.8	1,097.1	141.8	93.2	-72.9	17.5	-171.7	13.9	686.4	-18.0
Hokkaido Tokai	359.3	457.7	80.8	32.0	-189.8	-8.7	-71.5	5.2	955.1	-1.9
Totals	23,254.8	22,133.7	3,500.0	2,058.7	-1,478.0	40.8	-1,751.7	-75.5	12,416.4	-8.0

* Including consolidated banks, on which interest has been rapidly reduced. ** Difference between banks.

able to make such progress for two main reasons.

First, they benefited from falling interest rates and a strong bond market, conditions that produced their best ever core business profits - a combined figure at the 11 banks of ¥3,500bn, up 75 per cent on a year earlier.

But most of them were able to go further in write-offs than even the improved operating profits allowed because of the surging stock market. This enabled banks to declare (for most of them unprecedented) net losses, without inflicting severe damage on their capital adequacy ratios.

Since banks hold large amounts of shares in other companies, they gained substantially from a 35 per cent rise in share prices in the year to March. As a result, in spite of combined net losses of ¥1,751bn, the combined capital-risk assets ratio of the leading banks fell only slightly, though some of them are now dangerously close to internationally approved minima and will need to increase their capital in the next year.

The results leave the city banks much higher up the mountain of bad debt they have been forced to climb for the past few years.

Total non-performing loans fell from ¥13,600bn at the end of September last year to ¥12,400bn at the end of March, or 4.5 per cent of total loans.

But before the crisis that has brought banks to the brink of disaster in recent years can really be consigned to history, two big questions remain - how much of those bad loans are already covered in banks' loan loss reserves? And how higher still might the overall total go?

Overall, 45 per cent of the banks' bad loans are now provided for - but that figure covers wide differences between

banks. At Sanwa, for example, the rate of coverage is 55 per cent. A spokesman for one of the stronger banks expressed relief: "We can really say that the asset quality problem is behind us now."

But several of the weaker banks, most notably Hokkaido Tokai, have managed to provide for only about a third of their potential losses from bad loans. They will need to go much further.

The bigger problem for all banks, however, may be the emergence of new problem loans. In spite of the high level of direct write-offs this time, the total outstanding amount

of bad loans fell by just 9 per cent. This suggests banks are still discovering, or owning up to, the massive volume of bad loans held at some of their affiliates, where asset quality details have in the past been very murky.

Only as the losses from these companies start to filter through over the next year or so will the true final picture of the problem emerge. And with the favourable market conditions that obtained this year unlikely to be repeated in the next few years, most banks still face more years of steep climbs up the bad debt mountain.

Mazda posts its first profit for three years

By Michio Nakamoto in Tokyo

Mazda, one of Japan's leading car makers which recently came under the control of Ford, reported its first profit for three years, helped by cost-cutting measures and asset sales.

Last year, Mazda suffered from poor sales of its mainline passenger cars at home and the sharp increase in the yen's value overseas. Exports, which have made up more than half of total sales in the past, plunged 28 per cent.

As a result, the company suffered a 15 per cent drop in unconsolidated sales from ¥1,699.5bn to ¥1,443.3bn (\$13.5bn) and a loss of ¥12.6bn at the operating level. While this operating loss was an improvement on the ¥38.7bn operating loss Mazda made previously, it was its third consecutive operating loss.

Cost-cutting measures shaved ¥110bn off its operating losses. That contribution was, however, dented by the negative impact of currency fluctuations and a fall in sales which reduced operating income by ¥78bn, Mazda said.

In order to avoid another pre-tax loss, Mazda sold securities holdings and posted recurring profits - before extraordinary items and tax - of ¥1.3bn, against a deficit of ¥36.5bn last time. Net profits came to ¥35bn compared with a ¥35.8bn loss.

In the current year, Mazda expects to improve sales to ¥1,520bn.

It forecasts the first operating income in four years of ¥20bn, recurring profits of ¥25bn and net profits of ¥20bn, helped by further cost cuts and a better exchange rate.

The company also plans to cut debt by ¥30bn in the year. Suzuki, the small car maker, saw sales rise 7 per cent from ¥1,048.8bn to ¥1,120.9bn and recurring profits 28 per cent from ¥23.3bn to ¥29.8bn due to firm demand for its cars. Net profit rose 18 per cent to ¥9.5bn (¥8.0bn).

Daihatsu, the car and commercial vehicle maker controlled by Toyota, posted a 62 per cent rise in recurring profits to ¥9.8bn, against ¥6bn last time. Sales declined 3 per cent from ¥701.7bn to ¥678.7bn due to fierce competition in overseas markets which offset its success in Japan.

Cost cuts help Japanese steel groups advance

By William Dawkins in Tokyo

Japan's top five integrated steel makers yesterday provided a case study of how to increase profits in a stagnant market.

Their return to the black in the year to March, closely in line with market expectations, came almost entirely as a result of cost cutting and despite barely changed sales.

It was also a reflection of how, unusually for Japanese steel makers, they refused pressure from Chinese export customers to cut prices, a break with their old tradition of sacrificing margins to win market share.

The big five confirmed in their forecasts for the year ahead that they will, on the whole, increase profits. Sumitomo Metal and Kawasaki Steel are to celebrate the recovery by paying dividends, after having dropped

pay-outs for the past two years for the first time in three decades.

But this year's earnings recovery will again have little or no help from prices or volumes, in contrast to the earlier recoveries of the US and European steel industries, where cost cuts were followed by a revival of steel demand.

Japanese crude steel production barely exceeded 100m tonnes last year, down slightly from 101m tonnes in the previous year.

Intensifying competition from high quality and low cost South Korean and Taiwanese producers, an estimated increase in raw materials costs of more than 10 per cent in yen terms, over-capacity in the region, and an expected decline in export demand point to continued tough times ahead.

But overall, this year's profits gain will come from continued cost cuts, said Mr

Stephen Wolfe, analyst at UBS Securities in Tokyo.

Over the past decade, they have cut their workforces by between 53 per cent at Nippon Steel, the largest and most aggressive, and 38 per cent at Sumitomo Metal Industries.

More job reductions are to come, but the focus is now shifting towards transferring production of downstream products to cheaper locations in emerging markets offshore.

An example is NKK, which has over the past year transported an entire pipe making plant from Japan to China, a technique that steel analysts expect to see become more common.

The only exception to the increased profits forecast this year is Kobe Steel, which expects a decline in pre-tax earnings at the consolidated level.

This is because Kobe's electronics subsidiary, part of the strategy which has turned

it into Japan's most diversified steel company, will be hit by the decline in memory chip

prices. But Kobe is, like the others, forecasting parent company profits growth.

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Sandvik lifts Tampella stake to 41.4%

By Hugh Carnegie in Stockholm

Sandvik, the cash-rich tool-maker chaired by Mr Percy Barnevik, yesterday seized the initiative in a see-saw battle with fellow Swedish company Svedala for control of the Finnish industrial group Tampella.

In a swoop on the Helsinki stock exchange, Sandvik paid more than FM200m (\$42.2m) for a 15.1 per cent stake in Tampella to take its total holding to 41.4 per cent. Sandvik paid up to FM10.90 for the shares, a price higher than the FM10.50 cash-or-shares bid for the whole company by Svedala which valued Tampella at FM1.4bn.

The move by Sandvik, which acquired its initial 26.3 per cent stake from Kvaerner of Norway for SKR500m (\$73m) last month, appeared to wreck any chance that Svedala, a leading manufacturer of mining and construction equipment, could reach its target of 51 per cent acceptance for its bid.

In addition to the stake it now holds, Sandvik also said it was in discussions with Tampella with a view to converting its existing 25 per cent share in Tampella, the main Tampella subsidiary, into shares in the parent company.

That would push Sandvik over 50 per cent. A further 14 per cent stake in Tampella is held by Rauma, another Finnish engineer which has signalled it wants to work with

Sandvik. The Tampella board is also understood to favour Sandvik.

The main hope now for Svedala would seem to be a deal with Sandvik under which a Svedala-Tampella merger would proceed while preserving the existing industrial link between Tampella and Sandvik. Sandvik would become a leading owner in Svedala instead of Tampella. But executives close to the bidding said it was too early to judge whether such a deal was possible.

Sandvik, chaired for the past 13 years by Mr Barnevik, the chief executive of the Swiss-Swedish engineering giant ABB, was sitting on liquid assets of SKR6bn at the end of

last year and is now seeking to move on to a more expansive footing.

Svedala, which has promised big synergy gains from a merger with Tampella, said it would press ahead with its bid. Most analysts say Svedala's proposal offers a better industrial argument than Sandvik's approach - as well as offering equal terms to all shareholders. Svedala says a merger would create a world leader in the mining and construction equipment sector and would yield SKR250m a year in synergy benefits.

Sandvik has a long-established co-operation with Tampella's drill-making operations which it says is of strategic importance to the group.

Sharp rises 15% despite difficulties

By Michio Nakamoto

Sharp, the Japanese electronics company, overcame a steep downturn in prices of liquid crystal displays, one of its main products, and lifted group profits by 15 per cent from ¥77.5bn to ¥89.5bn (\$828m).

The firm performance came amid a difficult market environment which saw not only a sharp downturn in LCD prices but fierce price competition in TV and video markets and the yen's sharp rise in the early part of the year.

Sales, which were supported by firm demand for communications equipment, rose 2 per cent from ¥1,617.6bn to ¥1,650.7bn and net profits advanced 4 per cent from ¥44.5bn to ¥48.3bn.

The fall in LCD prices was reflected in a 7 per cent fall in sales in its electronic components division.

Sanyo, the electronics company, reported non-consolidated sales of ¥231.6bn and recurring profits of ¥6.7bn in a shortened financial year of just three months due to a change of year end.

The reorganisation of a trading subsidiary, however, led to a consolidated net loss of ¥3.7bn on group sales of ¥513.4bn and group pre-tax profits of ¥3.5bn.

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Mixed outcome for Japan's drugs groups

By Emiko Terazono in Tokyo

Japanese leading drug companies revealed mixed figures for the last business year. For the current year to March, they expect weaker growth in earnings due to the government's biennial cut in official drug prices implemented last month.

Takeda posted a 4.8 per cent rise in unconsolidated sales to ¥920bn (\$6.64bn) and a 1.6 per cent increase in recurring profits - before extraordinary items and tax - to ¥91.8bn due to strong sales of prescription drugs and health-care products. After-tax profits totalled ¥41.4bn, up 4 per cent.

Eisai's unconsolidated recurring profit rose 8.9 per cent to ¥40.2bn. Sales were ahead 5.7

per cent to ¥253.6bn and after-tax profits rose 7.1 per cent to ¥18.1bn. The dividend is raised by ¥3 per share to ¥15.

Fujisawa Pharmaceutical suffered ¥17bn in lost revenue due to dissolution of its sales tie-up with SmithKline Beecham of the UK. Its non-consolidated recurring profit fell 7.5 per cent to ¥22.2bn on a 9.2 per cent decrease in sales to ¥219.3bn. After-tax profits declined 34.3 per cent to ¥9.9bn.

Chugai Pharmaceutical's recurring profit for the 12 months to March totalled ¥20.8bn against ¥4.5bn in current earnings posted during its irregular three-month term to March 1995. Sales totalled ¥169bn and after-tax profits were ¥8.6bn.

Nippon Oil sets the trend with 63% fall

By William Dawkins

Profits of Japan's top four oil refiners and distributors were roughly halved last year, the first victims of a petrol price war in the run-up to last month's liberalisation of oil imports.

Nippon Oil, the market leader, yesterday reported a 63 per cent decline in recurring profits - before tax and extraordinary items - on a 5.2 per cent fall in turnover to ¥1,705bn (\$16bn) for the year to March.

Cosmo Oil, the second-largest, came in with a near 57 per cent decline in recurring profits on sales down by 1.1 per cent to ¥1,394bn over the same period, while Japan Energy Corp reported a 65 per cent decline in profits to ¥5.8bn - the biggest fall of the bunch -

on stagnant turnover of ¥1,353bn.

Turnover also stagnated at ¥1,050bn at Mitsubishi Oil, which reported a 19.4 per cent decline in recurring profits to ¥30.7bn.

All but Mitsubishi are expecting a profits recovery in the current year to March, on the strength of Japan's economic upturn.

Their forecasts range from more than doubled profits of

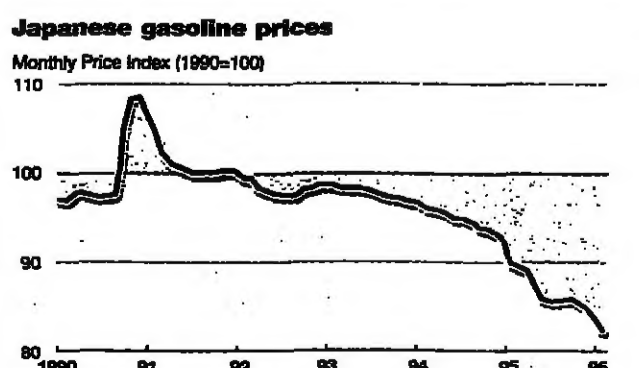
¥13bn at Japan Energy, to a moderate 10 per cent profits rise at Nippon Oil and a 68 per cent recovery at Cosmo Oil.

Mitsubishi Oil expects a 3.5 per cent profits decline.

On average, Japanese petrol prices have fallen by 10 per cent over the past year, as the former petrol price cartel has broken down ahead of the removal, last month, of official restriction, set after the 1973 oil price crisis, on the number of companies allowed to import oil.

According to Mitsubishi Research Institute, a private think-tank, last year's petrol price decline wiped ¥400bn off the entire oil industry's profits.

Petrol prices have further to fall in line with international levels.



NEWS DIGEST

Commerzbank in DM200m US buy

Commerzbank has extended its foreign activities - which account for the bulk of its profits - by purchasing a 5 per cent stake in Security Capital group, a US property investment company, for about DM200m (\$130m). Security Capital, based in Santa Fe, New Mexico, has a net asset value of \$3.5bn and expects a 15 per cent to 30 per cent return on its real estate holdings in the next few years.

The German bank also announced a 58 per cent jump in operating profits for the first quarter to DM874m, though this was before loan risk provisions. Own-account trading profits more than doubled to DM299m, reflecting improved securities markets and the profits from the placing of a 15 per cent block of Thyssen shares.

Mr Martin Kohlhausen, chairman, told the annual meeting it was still too early to assess how much would have to be set aside for lending risks. But the shaky economic situation in the US would remain relatively high. This caution is in line with that expressed by other German banks which have reported higher profits so far but warned that the full 1996 trend was unlikely to continue so favourably.

Mr Kohlhausen said April's figures had also been positive and the bank expected to report a "pleasing" half-year's result. In the first quarter, commission income was 35 per cent higher at DM612m (including Jupiter International, the UK fund manager, for the first time), with interest income 8 per cent up at DM1.35bn. Costs rose 7 per cent to DM1.37bn, a slower growth rate than last year. *Andrew Fisher, Frankfurt*

Sumitomo eurobond offering

Sumitomo Bank yesterday became the latest Japanese bank to launch a convertible eurobond offering aimed at strengthening its shareholder equity base. The ¥100bn (\$936.5m) five-year subordinated bond offering follows similar issues from Mitsubishi Bank and Tokai Bank. Goldman Sachs, which arranged the offering for Sumitomo, said the bank was certain to get the stock because it was mandatory for holders of the bonds to convert into shares.

However, unlike the Tokai bonds, which are convertible only after five years, holders of the Sumitomo bonds will be able to convert into shares at any time. Sumitomo's bonds will be priced by June 10. The indicative range for the coupon bonds is 1 1/4 and 1 1/2 per cent which is lower than usual on Japanese bank convertible bonds. The coupon on Tokai's bonds is 3 1/2 per cent.

Goldman, in which Sumitomo has a stake of just over 10 per cent, said Sumitomo was able to offer a lower coupon because of the much more aggressive "downward reset" mechanism on its bonds. This mechanism, which relates to the 10 per cent conversion premium on the bonds, protects investors against a fall in the underlying share price. *Antonia Sharpe, London*

Fuji Film sales sluggish

Fuji Film, which is locked in a bitter dispute with Kodak, the US photographic products company over alleged anti-competitive practices in the Japanese market, said that fierce price competition and the sharp appreciation of the yen had put pressure on its performance in the year to March.

Sales during the period, in which it faced charges from both Kodak and US trade officials that it had blocked competition in the Japanese market, were sluggish at ¥1,084.9bn (\$10.16bn) while pre-tax profits were also lower at ¥131.1bn compared with two years ago. Net profit was ¥72.8bn. Fuji's previous fiscal year was a short one due to a change of year-end.

The company expects group profits to improve with sales forecast at ¥1,170bn and net profits at ¥74bn. *Michio Nakamoto, Tokyo*

NTT names new president

NTT, Japan's dominant domestic telecoms carrier which yesterday said Mr Junichiro Miyazawa would succeed Mr Masashi Kojima as president, reported a strong rise in group profits in the year to March on the back of higher basic rate charges and buoyant mobile phone and network revenues at subsidiaries.

Mr Miyazawa will replace the outspoken current president who has fought doggedly against a break-up of the telecoms giant being proposed by the ministry of posts and telecommunications. Mr Kojima is to become a director of the company while Mr Shigeo Sawada, who joined NTT from the telecoms ministry, will become chairman.

The management changes come at a crucial time for NTT, which faces a government decision by the end of the year on whether or not it is to be broken up to stimulate further competition in the domestic market.

During a turbulent year, the carrier managed to boost group revenues by 12 per cent from ¥7,037.2bn to ¥7,908.6bn (\$74.06bn) and to nearly double pre-tax profits after extraordinary items from ¥147.7bn to ¥423.6bn. Net profits almost tripled from ¥78.3bn to ¥213.3bn.

In the current year, however, NTT forecasts higher group revenues of ¥8,321bn but lower recurring profits, before extraordinary items, of ¥234bn due to a cut in charges. *Michio Nakamoto*

Orix ahead to ¥35bn for year

Orix Corp, Japan's largest leasing company, yesterday reported a 4.2 per cent increase in group pre-tax profits to ¥35bn (\$325m) in the year to March and forecast a 6 per cent profits recovery in the current year.

The increase, a sign of a modest pick-up in capital investment and consumer demand in the second half of the year, came on a 2.3 per cent rise in consolidated turnover to ¥317.6bn. The first increase in instalment loans - 0.6 per cent to ¥1,628.9bn - in four years helped Orix achieve a 8 per cent rise in total operating assets to ¥4,357bn. Net income was 5.5 per cent ahead at ¥18bn.

At parent company level, however, recurring profits - before tax and extraordinary items - fell 17.3 per cent to ¥11.88bn, a reflection of weak demand for loans in Japan. *William Dawkins, Tokyo*

Kubota profits sharply up

Kubota, a leading Japanese agricultural and industrial machinery maker, posted a sharp rise in earnings due to growth in demand for its agricultural machinery, lower interest payments and foreign exchange gains.

Consolidated recurring profits rose 41.5 per cent to ¥55.1bn (\$516m) while sales rose 5.7 per cent to ¥1,071.7bn for the 12 months to March. Operating profits were ahead 0.3 per cent to ¥80.3bn and net consolidated income advanced 27.9 per cent to ¥25.7bn. Domestic sales grew by 6 per cent to ¥912.4bn and overseas sales rose 3.8 per cent to ¥159.3bn. *Emiko Terazono, Tokyo*

Shiseido shows 5.4% decline

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper tries to consolidate

The London Metal Exchange copper market was trying to consolidate yesterday at the end of a week that had seen prices plunge to two-year lows at one point.

The sellers who got the upper hand on Friday of last week - sending the three months copper price down by \$136.50 a tonne, or 5.1 per cent - were back in force on Monday, quickly wiping another 7 per cent off the price. The market steadied later, however, reflecting, said a trader, the fact that "copper had gone from over-bought to over-sold in the quickest time ever".

The previous Friday's fall had been influenced by reports of potential oversupply and a rise in LME warehouse stocks of the metal. Traders also

LME Warehouse Stocks (As at Thursday's close)	
Aluminium	+8,000 to 855,176
Aluminium alloy	-250 to 84,860
Copper	+1,075 to 213,550
Lead	+75 to 80,200
Nickel	+46 to 25,108
Zinc	+25 to 85,600
Tin	-175 to 9,275

suggested that two US hedge funds had issued orders to brokers to sell huge quantities of copper.

Monday's late consolidation continued on Tuesday, in spite of an unexpected (though admittedly small) rise on LME stocks, but Wednesday saw fresh turmoil as the "longer" and "shorter" battled for the upper hand. For a while the bears seemed to have the bulls by the horns, and the three months price dipped \$100 to a two-year low of \$3,345 a tonne, nearly 14 per cent below the 1996 peak, which was reached less than 14 days earlier. As shorts rushed to cover the positions they had sold in the hope of buying back more cheaply later the fall was clawed back and the price ended virtually unchanged on the day.

A worrying sign for the

shorts, however, was that the cash premium was widening again, indicating that LME stocks of copper were tightly held. "It is very dangerous to go short at a time like this," commented one analyst. "The shorts will win eventually because so much extra copper will be produced this year, but it will be a bloody battle."

Other LME metals generally followed copper's lead. The exception was lead, which moved up quite strongly from Tuesday onwards before surging yesterday. Supply of the metal remained tight, dealers said, and LME stocks were still falling.

At the London Commodity Exchange coffee and cocoa futures both lost ground quite heavily over the week. After an early recovery run out of steam the July robusta coffee position ended 71 lower at \$1,795 a tonne yesterday, \$158 off over all; July cocoa's \$12 rise left it \$22 down on balance at \$2,116 a tonne.

The lingering concern about the possibility of frost hitting Brazilian growing regions was pushed into the background as technical signals in the coffee market took a decisive turn for the worse. The fact that the longer-term moving averages are broken and the gap has been filled... without a doubt, these are fairly weak technical signals. Adrian Ray, technical analyst at Sudeen, told the Reuters news agency. "Support has been breached, suggesting strongly we have seen the highs for now," said Eli Gifford at Investment Research of Cambridge.

Cocoa prices managed a modest rally yesterday as sellers backed off. Dealers also noted that the speculative battle around a massive long position was still going on. "The big long is keeping the market on its toes," one told Reuters.

LCE white sugar futures drifted lower, with operators reluctant to enter into fresh positions ahead of the long weekend. Nearby values were about \$6 a tonne down on the week in late trading.

Richard Mooney

BASE METALS

LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Close 1588-47 1587-48

Previous 1588-47 1587-48

High/Low 1588-47 1587-48

AM Official 1588-47 1587-48

Karb close 1588-47 1587-48

Open Int. 227,572

Total daily turnover 42,541

ALUMINIUM ALLOY (\$ per tonne)

Close 1308-10 1307-10

Previous 1308-10 1307-10

High/Low 1308-10 1307-10

AM Official 1308-10 1307-10

Karb close 1308-10 1307-10

Open Int. 4,916

Total daily turnover 1,688

LEAD (\$ per tonne)

Close 852-5 851-5

Previous 852-5 851-5

High/Low 852-5 851-5

AM Official 852-5 851-5

Karb close 852-5 851-5

Open Int. 35,822

Total daily turnover 6,819

NICKEL (\$ per tonne)

Close 7780-80 7780-80

Previous 7780-80 7780-80

High/Low 7780-80 7780-80

AM Official 7780-80 7780-80

Karb close 7780-80 7780-80

Open Int. 14,175

Total daily turnover 16,911

TIN (\$ per tonne)

Close 8220-40 8220-40

Previous 8220-40 8220-40

High/Low 8220-40 8220-40

AM Official 8220-40 8220-40

Karb close 8220-40 8220-40

Open Int. 17,128

Total daily turnover 4,081

ZINC, special high grade (\$ per tonne)

Close 1028-28 1028-28

Previous 1028-28 1028-28

High/Low 1028-28 1028-28

AM Official 1028-28 1028-28

Karb close 1028-28 1028-28

Open Int. 71,822

Total daily turnover 14,208

COPPER, grade A (\$ per tonne)

Close 2545-38 2545-38

Previous 2545-38 2545-38

High/Low 2545-38 2545-38

AM Official 2545-38 2545-38

Karb close 2545-38 2545-38

Open Int. 187,342

Total daily turnover 58,678

LME AM Official 8% rate 1.5128

LME Closing 8% rate 1.5116

Spot 1.5116 3 mths 1.5058 6 mths 1.5076 9 mths 1.5064

High Grade Copper (COMEX)

Close 351.00 351.00

Previous 351.00 351.00

High/Low 351.00 351.00

AM Official 351.00 351.00

Karb close 351.00 351.00

Open Int. 351.00

Total daily turnover 13,271

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

Close 380.0 -0.5 380.0

Previous 380.0 -0.5 380.0

High/Low 380.0 -0.5 380.0

AM Official 380.0 -0.5 380.0

Karb close 380.0 -0.5 380.0

Open Int. 121,200

Total daily turnover 121,200

PLATINUM NYMEX (500 Troy oz. \$/troy oz.)

Close 400.0 -1.0 400.0

Previous 400.0 -1.0 400.0

High/Low 400.0 -1.0 400.0

AM Official 400.0 -1.0 400.0

Karb close 400.0 -1.0 400.0

Open Int. 121,200

Total daily turnover 121,200

PALLADIUM NYMEX (100 Troy oz. \$/troy oz.)

Close 120.0 -1.0 120.0

Previous 120.0 -1.0 120.0

High/Low 120.0 -1.0 120.0

AM Official 120.0 -1.0 120.0

Karb close 120.0 -1.0 120.0

Open Int. 121,200

Total daily turnover 121,200

SILVER COMEX (5,000 Troy oz. \$/troy oz.)

Close 50.0 -0.5 50.0

Previous 50.0 -0.5 50.0

High/Low 50.0 -0.5 50.0

AM Official 50.0 -0.5 50.0

Karb close 50.0 -0.5 50.0

Open Int. 121,200

Total daily turnover 121,200

ENERGY

CRUDE OIL NYMEX (1,000 barrels \$/barrel)

Close 21.25 +0.25 21.25

Previous 21.25 +0.25 21.25

High/Low 21.25 +0.25 21.25

AM Official 21.25 +0.25 21.25

Karb close 21.25 +0.25 21.25

Open Int. 121,200

Total daily turnover 121,200

CRUDE OIL ICE (\$/barrel)

Close 18.15 +0.15 18.15

Previous 18.15 +0.15 18.15

High/Low 18.15 +0.15 18.15

AM Official 18.15 +0.15 18.15

Karb close 18.15 +0.15 18.15

Open Int. 121,200

Total daily turnover 121,200

HEATING OIL NYMEX (\$/barrel)

Close 18.15 +0.15 18.15

Previous 18.15 +0.15 18.15

High/Low 18.15 +0.15 18.15

AM Official 18.15 +0.15 18.15

Karb close 18.15 +0.15 18.15

Open Int. 121,200

Total daily turnover 121,200

NATURAL GAS NYMEX (10,000 cubic ft. \$/cub ft.)

Close 0.45 +0.01 0.45

Previous 0.45 +0.01 0.45

High/Low 0.45 +0.01 0.45

AM Official 0.45 +0.01 0.45

Karb close 0.45 +0.01 0.45

Open Int. 121,200

Total daily turnover 121,200

NATURAL GAS ICE (\$/cub ft.)

Close 0.45 +0.01 0.45

Previous 0.45 +0.01 0.45

High/Low 0.45 +0.01 0.45

AM Official 0.45 +0.01 0.45

Karb close 0.45 +0.01 0.45

Open Int. 121,200

Total daily turnover 121,200

GRAINS AND OIL SEEDS

WHEAT LCE (\$ per tonne)

Close 130.0 -1.0 130.0

Previous 130.0 -1.0 130.0

High/Low 130.0 -1.0 130.0

AM Official 130.0 -1.0 130.0

Karb close 130.0 -1.0 130.0

Open Int. 121,200

Total daily turnover 121,200

WHEAT CBT (5,000 bushels \$/bushel)

Close 50.0 -1.0 50.0

Previous 50.0 -1.0 50.0

High/Low 50.0 -1.0 50.0

AM Official 50.0 -1.0 50.0

Karb close 50.0 -1.0 50.0

Open Int. 121,200

Total daily turnover 121,200

MAIZE CBT (5,000 bushels \$/bushel)

Close 40.0 -1.0 40.0

Previous 40.0 -1.0 40.0

High/Low 40.0 -1.0 40.0

AM Official 40.0 -1.0 40.0

Karb close 40.0 -1.0 40.0

Open Int. 121,200

Total daily turnover 121,200

BARLEY LCE (\$ per tonne)

Close 18.0 -1.0 18.0

Previous 18.0 -1.0 18.0

High/Low 18.0 -1.0 18.0

AM Official 18.0 -1.0 18.0

Karb close 18.0 -1.0 18.0

Open Int. 121,200

Total daily turnover 121,200

SOYABEANS CBT (5,000 bushels \$/bushel)

Close 20.0 -1.0 20.0

Previous 20.0 -1.0 20.0

High/Low 20.0 -1.0 20.0

AM Official 20.0 -1.0 20.0

Karb close 20.0 -1.0 20.0

Open Int. 121,200

Total daily turnover 121,200

SOYABEANS LCE (\$ per tonne)

Close 18.0 -1.0 18.0

Previous 18.0 -1.0 18.0

High/Low 18.0 -1.0 18.0

AM Official 18.0 -1.0 18.0

Karb close 18.0 -1.0 18.0

Open Int. 121,200

Total daily turnover 121,200

SOYABEAN MEAL CBT (100 tons \$/ton)

Close 200.0 -1.0 200.0

Previous 200.0 -1.0 200.0

High/Low 200.0 -1.0 200.0

AM Official 200.0 -1.0 200.0

Karb close 200.0 -1.0 200.0

Open Int. 121,200

Total daily turnover 121,200

POTATOES LCE (\$/tonne)

Close 12.0 -1.0 12.0

Previous 12.0 -1.0 12.0

High/Low 12.0 -1.0 12.0

AM Official 12.0 -1.0 12.0

Karb close 12.0 -1.0 12.0

Open Int. 121,200

Total daily turnover 121,200

COFFEE NYMEX (\$/cwt)

Close 1.50 -0.01 1.50

Previous 1.50 -0.

COMMENT & ANALYSIS

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Saturday May 25 1996

Electoral imperatives

Heavyweight opinion at the top of the Conservative party, at least until this week, tended to favour putting off the evil day of the election as long as possible. Interestingly, there are many in the Labour leadership who are equally keen to go to the hustings later rather than sooner. The Tories have their economic reasons, while Labour has much work to do in putting its policies into shape. Yet it is hard to see how both can gain equally from electoral timing which is in the gift of the party in office.

The rules of the great electoral guessing game may now have changed as a result of Mr Major's beef war. Yet the idea that this bizarre effort to disrupt the business of the European Union could prove as advantageous, electorally, for Mr Major as the Falklands war was for Margaret Thatcher would be absurd.

Only marginally less ridiculous is the half-cocked response of opposition leader Mr Tony Blair, who seems less and less inclined to oppose anything as the election approaches. In reality, the working presumption must be that economic conditions will dictate the timing of the decision to go to the country.

On this score things are beginning to move in the Tories' direction. Eighteen months ago, all the talk was of Britain being afflicted with two separate economies. One, the manufacturing sector, was surging, while the non-manufacturing economy was in a state of stagnation. The recipe for virtuous but volatile export-led growth, since less than 4m people, or 18 per cent of the employed workforce, are engaged in the business of manufacturing. Today it is the other way round. Manufacturing output has shrunk in two successive quarters, and orders remain weak. Demand for British exports in Europe has flagged, as Germany and France have tightened fiscal policy in their preparations for monetary union.

Stronger demand

The problem has been exacerbated in recent weeks by the strength of sterling against the D-Mark. The rest of the economy, meantime, has picked up. The pace of consumer spending in the first quarter has been faster than at any time in the past two years. News from retailers, most notably Marks and Spencer, has pointed to some return of consumer confidence, albeit patchy.

The two-speed economy is unlikely to last very long, since it reflects an excessive accumulation of stocks. Once that excess has run down, manufacturers will feel

the benefit of stronger demand. As for export prospects, the US economy is relatively strong, while continental Europe must soon respond to the Bundesbank's efforts to loosen monetary policy. If there are surprises this year, they are more likely to be on the side of growth than stagnation.

Perhaps the best news for the government is that the building societies are awash with liquidity. When combined with windfalls and building society conversions and mergers, the resulting rise in house prices will put further wind into the sales of the consumer, whose purchases are heavily influenced by the volume of transactions in housing.

Tempting promises

The case for going to the country in the autumn rests partly on the argument that interest rates may have to rise before May next year, especially if growth proves stronger than expected. Alternatively, the surprising weakness of tax revenues and high level of public sector borrowing might call for a budget that will disappoint the electorate. Yet even if the budget is no giveaway, the chancellor could still make tempting promises for the future that would put Labour on the spot.

The case for playing a long game is simply that the Tory plight is desperate and that salvation can only lie in allowing disposable incomes to rise for as long as possible in the hope of eradicating the memory of the swingeing tax increases that were required after the last attempt to bribe the electorate. The trouble is that economic growth and a more buoyant housing market may not be enough.

With the ageing of the population, the current low level of building society interest rates hits older savers hard. And if the much discussed phenomenon of insecurity has any substance, the natural link between economic growth and a sense of wellbeing may no longer work according to the rules.

The next few months will show whether the absence of the feel-good factor was a superficial affliction or a reflection of a deeper malaise. In the meantime Mr Major's government increasingly resembles the Labour administration of the 1970s, in which holding the party together became the chief aim of policy. The risk is that what goes down well with the cabinet, the Tory backbenches and the tabloids will not play nearly so well in the country. Drift, even when clothed in aggression, is rarely a winning strategy.

When Keith McCullagh learnt in 1985 that he was losing his job, he smiled: this was his chance to realise his dream. Within a year he had raised £2.5m to start his own business, British Biotechnology. This week the value of that business briefly exceeded £2bn on hopes that one of its drugs would prove a cancer cure.

The 350-employee company, with McCullagh as chief executive and his closest aide, James Noble, as finance director, is a potential entrant into the FT-SE 100 list of Britain's leading companies. McCullagh's shares and options are worth £30m and Noble's £5.7m.

For McCullagh, none of this is enough. "I have wanted to create a big pharmaceutical company from the day the business started," he says softly. "Business and entrepreneurship are not only worthwhile goals - perhaps they are the most important goals for anyone in life."

Such ambition befits British Biotech. It is the latest company to emerge from the ranks of small high-technology enterprises and fire the imagination of investors and the public. They hope that it will be an extraordinary medical and financial success. Its predecessors include spectacular failures and great successes. The model for most biotech entrepreneurs is Amgen of California, founded in 1980 and now worth \$15bn, thanks to just two successful products.

The business strategy for a biotechnology company is straightforward: take a bright scientific idea and turn it into a medicine. If the medicine is better than any on the market, especially in treating a lethal disease such as cancer, millions of lives are saved and fortunes made for the inventors and their backers.

British Biotech's leading drug in research is called marimastat. It works by blocking a family of enzymes called matrix metalloproteinases (MMPs).

These enzymes break down the glue that holds together the body's cells. In cancer, they give a tumour breathing space to grow. Marimastat is the most advanced MMP inhibitor in its class. If it works, it could control or cure any solid tumour cancer - more than 90 per cent of all cancers.

Marimastat is being tested in Europe and the US on 10 different cancers, including pancreatic and ovarian, in which patients usually die within a few months of diagnosis, and lung and bowel, two of the biggest cancer killers in the world.

The potential is enormous. One million new cases of lung and bowel cancers alone were diagnosed in developed countries during 1993, according to the charity, the Cancer Research Campaign.

The best cancer drugs on sale today are aimed at one or two cancers. Analysts say Bristol Myers Squibb's recently-launched Taxol, for breast and ovarian cancers, could eventually generate annual sales of \$1bn.

It is no wonder that the prospect of a drug that tackles many cancers has excited the stock market, especially when marimastat's potential was apparently confirmed by the latest results from clinical trials published on Tuesday.

Blood tests on 332 patients who completed a 28-day course of the drug showed that the levels of "cancer antigen" proteins released by tumours had been strongly affected

Men in the News • Keith McCullagh and James Noble

The biotechnologist and the money man

Hopes of a miracle cancer cure sent the shares soaring but British Biotech is entering a critical phase, says Daniel Green



by marimastat in more than half the patients. Normally, the level of antigens would double over the period of the trial, but in about 30 per cent of cases, the antigen levels stopped increasing or fell. In a further 35 per cent, the increase was less than 25 per cent.

In the trial, antigen levels seemed directly linked to patients' health. Those 56 per cent whose antigen levels showed a strong response lived roughly twice as long on average as those who did not.

These results were described by Peter Lewis, British Biotech's head of research and development, as "about the best possible at this stage in development".

The shares leapt on the news, briefly hitting £38 each, compared with less than £5 a year ago. But by the end of the week the shares had sunk to £27.90, as the trial results triggered a vigorous debate among analysts and investors and in the drug industry.

The argument is about how likely

it is that marimastat will make it to the market. At the moment the drug is in the second phase of the three-phase process usually required by health regulators.

Phase three trials will be the first to compare marimastat with a placebo or the best other treatment available, and neither the doctor nor patient will know whether they are using the drug or an alternative.

Analysts at stockbrokers BZW, Nomura, UBS and Salomon Brothers believe the shares are seriously overvalued. Others, such as those at Lehman Brothers, Flemings, Morgan Stanley and Greig Middleton, are more optimistic. Depending on who is talking, British Biotech shares could be valued at anything between £5 and £85 each.

Similar differences of opinion are apparent in the industry. A senior executive with one of the UK's biggest drug companies says: "They are saying this drug will work on

almost every cancer. I just do not believe that." But Peter Fellner, chief executive of British Biotech's closest rival Celltech (worth a mere £500m), praises the company, the drug and McCullagh. "If anyone can make it in this business, he can," he says.

The arguments will only be resolved when results of the phase three trials come in, more than a year from now. If they are good, product launch is pencilled in for 1999.

In spite of the furore, McCullagh's confidence in the company's destiny is unshakable. Marimastat is only one of the products being developed in British Biotech's laboratories; others include possible treatments for asthma and rheumatoid arthritis. He says: "We will get into the FT-SE 100 this year or next if marimastat goes well. Our drugs add up to assets that are really worth the kind of money that people are talking about."

These are not the words of a

crackpot inventor with a new gadget. McCullagh came to biotechnology from G.D. Searle, a US pharmaceuticals company of which he was director of research in the UK.

In 1985, Searle was taken over by Monsanto, the US chemicals company, and the decision to close the UK operation followed swiftly. It did not take long for McCullagh, then 41, to put into action his long-nursed plan to build a pharmaceuticals company from scratch.

There was no entrepreneurial tradition in his comfortable middle-class background. He trained as a vet. The ambition arrived during a four-year stint as a research scientist in the US.

"My eyes were opened," he says. "I knew I'd never be happy if I couldn't create a business that generated revenues and profits that fed the society in which I lived. It's not sufficient to gather knowledge without applying it."

On returning to the UK, he ran a laboratory at Bristol University before applying to be head of biology at Searle. Celltech's Fellner, who recruited him to Searle, says: "Our prejudice was to pick someone from industry. But Keith was clearly more able than anyone else."

McCullagh's rise may have been helped by a ruthless streak. The co-founder of British Biotech, Brian Richards, left the board last year. "Keith wants to be in charge," says a colleague.

And McCullagh's confidant today is the very different James Noble. Winchester and Oxford-educated with a degree in medieval and modern Russian. He trained as an accountant before moving into merchant banking in the early 1980s at Kleinwort Benson. By 1990 he was a director at the bank but at the end of that year left to join British Biotech, then a private company.

Noble's City contacts have been as valuable to British Biotech as McCullagh's science. Until its first drugs are approved by regulators, the company will have no significant sales and relies on frequent infusions of cash from outside investors. Since the first £2.5m, it has raised a total of £200m and was floated in 1992.

Noble took a 60 per cent salary cut to work for British Biotech. "People thought I was barking mad," he says. "Sometimes I think they were right." But it has paid off so far. Six months ago he made a net gain of £1.7m by exercising share options - in addition to the £5.7m of shares and options he retains.

For these men of science and money, the moral aspects of having created a drug that might save lives of relatives, friends and millions of others are best left to the medical profession. "People with cancer call us all the time but by law we can't do anything," says Noble. "They must speak to their doctors about joining clinical trials."

By yesterday, the launch of a miracle cancer cure in 1999 seemed a long way off for the company. Noble was anxious about the company's share price fall since the clinical trials announcement. British Biotech's market capitalisation has fallen by £600m from the week's high.

"We're very confident in the drug's success but it's difficult sometimes to convince others why," Noble says ruefully. McCullagh is just as philosophical. He has a boat moored at Cowes on the Isle of Wight. It is called Bump Ride.

LETTERS TO THE EDITOR

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No simple answer to research libraries' best approach to charging for services

From Mr Brian Lang.

Sir, Tim Jackson raises significant issues concerning not just the British Library's policy on charging for certain of its services, but issues which concern all large international research libraries ("Imagination falls the British Library", May 20). The distinction between free and priced services is not straightforward, and the library has not yet attempted to distinguish between "individuals" and "professionals" when it comes to charging. While the distinction might appear valid, the difficulty of distinguishing between such categories of users when providing services is much more difficult than Mr Jackson imagines.

The library presently makes no charge for access to its reading rooms, nor for use of its on-line

public access catalogue, which is available over the joint academic network. However, services which may be described as having "added value" such as the Blaise service (which has been operating for nearly 20 years) are priced. The added value delivered by Blaise includes the ability to download fully formatted catalogue records for use in local catalogues and the option of searching complementary non-British Library databases.

In an ideal world, all of our services would be free at point of use. But as Mr Jackson must be aware, the world is currently less than ideal and we need to charge for certain of our services so as to maintain as wide a range of services as possible. The relationship between demand on our reading rooms and the

availability of services off-site is a complex one which the library is currently exploring, with an eye to exactly the kinds of issue Mr Jackson mentions.

Finally, I am pleased that Mr Jackson refers to the library's catalogue as a valuable resource. The variety of ways in which that resource is increasingly being made available shows, in my judgment, not a failure of imagination on the library's part but a genuine desire, under difficult circumstances, to meet the needs of our wide range of users and make a real contribution to research and scholarship.

Brian Lang, chief executive, The British Library, 96 Euston Road, London NW1 2DB, UK

Airline safety

From Mr Dinos Kyron.

Sir, Liberalisation of air transport in the EU will create a large number of budget airlines across Europe. If the risk of a spate of accidents, such as the crash of the Valujet DC-8, is to be reduced, the government must be prepared to cede further powers in the area of safety to the Joint Aviation Authorities (which at present has no powers to enforce standards), and to the Commission.

If the government were presently acting within its principle of subsidiarity, it would be able to prove that decisions in this field are best left to national governments; of course, it is unable to do so. Thus, because of the government's paranoia about ceding powers in this area, one can only see an air transport policy created around the concerns of Conservative party unity and the appeasement of its Eurosceptics, rather than an air transport policy created around the safety of passengers.

Dinos Kyron, dept of international relations, University of Aberdeen, Dumburgh St, Old Aberdeen AB9 2TY

Sporting pink

From Mr Andrea E. Goldstein.

Sir, Being pink as the influential (and profit-making) *Gazzetta dello Sport* in Italy, has the FT decided to become the first British sport daily in decades? Four articles on soccer in one single issue (May 18/19) seems to suggest it!

Andrea E. Goldstein, 7 rue Foncellet, 75017 Paris, France

Unnecessary journey

From Mr Philip W. Lord.

Sir, Too late! I read in William Packer's article "Bricks - with different permutations" (May 21), while returning from the Vermeer exhibition in The Hague, that Carl André can, with bricks, factorise 120.

With this artistic intellect on display so close to Oxford why, oh why, did I make the trip to the Netherlands?

Philip W. Lord, 2 Wayside Court, Arlington Road, Twickenham TW1 2BQ, UK

Inaction was shocking to all

From Mr Gunmar S. Eskeland.

Sir, I refer to Richard Cowper's very interesting account of the tragic events on Mount Everest (Weekend FT: "The climbers left to die in the storms of Everest", May 18/19).

It is shocking that a team of mountaineers passes another who is dying, pushing for the peak rather than assisting and trying to save lives. The fact that mountain climbing is a self-confident adult's gamble with life is irrelevant: we seem to have norms about saving others' lives that are much stronger than any about not risking our own.

If teams of climbers had agreed not to help each other - pretending that each was alone with nature -

would that have been OK? Deep inside, we are programmed against certain kinds of action. Thus, when someone falls seriously behind, we slow down and extend a hand - irrespective of the context. This norm represents an ancient insurance contract, written long before we were able to write, when nature was pretty scary even on the plains.

We should take comfort that this contract remains in our minds - as exemplified by the present outcry over the Everest incident.

Gunmar S. Eskeland, 3222 T St NW, 20007, Washington, DC, US

Pension Fund Investment in Europe

Debbie Harrison

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السنة ١٤١٥ هـ

Britain's bitter blast from the past

The latest rupture in Anglo-German relations is damaging for the UK and Europe, says Philip Stephens

Cancellor Helmut Kohl marches in jackboots across the pages of the tabloid press. Memories of Britain's "finest hour" when it stood alone against Adolf Hitler in 1940 are stirred from the annals of past glory. Tory MPs warn of the onward march of a Fourth Reich. Mr John Major rages in 10 Downing Street over Germany's refusal to buy British beef.

The British, it sometimes seems, can never forget. More than half a century after the defeat of Hitler, Germany is again cast in the role of Europe's demon. The proximate cause is its prominent role in maintaining the European Union ban on sales of British beef products. But there are deeper, poisonous, roots to this latest rupture in Anglo-German relations.

The mass-selling Sun newspaper declares that the nation must rediscover the spirit of Winston Churchill. And why? To show one of his famous "V" for victory signs to those "bores of Berlin". The more august Daily Telegraph is scarcely subtler, declaring in the opening paragraphs of a recent editorial: "When the German Chancellor calls on the British prime minister these days, one senses at once who is in charge. Absurd though it seems, what began as a health scare in Britain about the incidence of mad cow disease in cattle and its link with the deadly Creutzfeldt-Jakob disease in humans has become a 'beef war'." The Sun is once again the enemy.

Mr Kohl, we are told, has ambitions beyond the destruction of an ancient British industry. Mr John Redwood, a leading Tory Eurosceptic, is in no doubt: "Germany wants one flag, one currency, one foreign policy, one set of border controls, one anthem, one parliament, one economy and one social policy for western Europe." Its motives? Baroness Thatcher told us some time ago in an interview with the German weekly Der Spiegel: "It is quite clear that you Germans do not want to anchor Germany in Europe but Europe in Germany."

It would be comforting to dismiss this latest jingoism as another of those familiar English spasms. It is perhaps just a cry of impotent anguish from a nation which has yet to come to terms with the loss of empire, or a passing phase in the dying days of a desperate government. As Mr Giles Radice, the Labour MP and author of a recent book on post-war Germany, puts it, the nasty headlines and ugly cartoons "are about our own identity - at its most elemental level this stems from our own uncertainty about Britain's place in the world". There has always been a lingering

resentment among an older generation in Britain which finds it hard to understand how a defeated Germany has so prospered from the peace. Britain was a principal architect of Germany's post-war reconstruction. In 1945 it took to heart the words of Noel Coward's wartime song "Don't let's be beastly to the Germans when our victory is won". It helped establish a pluralist political system to entrench democracy in the new Federal Republic. It opened the door to Bonn's entry into the western alliance.

The success of political reconstruction and the speed of Germany's economic revival coincided, though, with Britain's painful withdrawal from the world stage. As France and Germany forged the alliance which would dominate the European Community, Britain was retreating from Suez. It is hardly surprising then that those who had suffered so much at the hands of the Nazis should feel a certain envy. Against that, there is little evidence that the visceral anti-Germanism now visible in parts of the Tory party has penetrated deep into the public consciousness. The British have long looked abroad for their scapegoats. But now most know the war only from those grainy black-and-white newscasts. The chosen target on a Friday night in the saloon bar is as likely to be a Frenchman as a German.

It is the coincidence of the rude abuse from the Eurosceptics and the progressive fracturing of the political relationship between London and Bonn which is seriously damaging - for Britain and for Europe. On a personal level, Mr Kohl and Mr Major get on well enough. But on issues of substance, Anglo-German relations have rarely been so bad. The next few years will determine how a stronger, united Germany is to be anchored into the post-cold war architecture of Europe. It is the most important decision Europe has faced for a generation. Britain is putting itself on the sidelines.

The rising tide of Euroscepticism in Mr Major's party increasingly reveals itself as an angry fear of German domination, of a European Union run from Berlin. Nationalism and paranoia march hand in hand. It started, of course, with Lady Thatcher. Her relationship with Mr Kohl was always glacial. But the fall of the Berlin Wall destroyed her presumption that Germany's economic power would always be constrained by the political division of Europe between east and west.

She tried in vain to slow the process of German reunification. Her failure to persuade President François Mitterrand of France that Germany would immediately rediscover expansionist ambitions to the east



did nothing to ease her fears. At Chequers seminar "angst, aggressiveness, assertiveness, bullying, egotism and an inferiority complex" were identified as among the not his traits of the German character. When her then cabinet colleague Sir Nicholas Ridley declared that the plans for a single currency were a "German racket to take over the whole of Europe" she was obliged by Mr Douglas Hurd, her foreign secretary, to sack him. But she shared his views. Unification has created a Germany of 80m people indisputably more powerful than its neighbours. Its centre of gravity would shift from west to east: Britain had lost its post-war role as

an occupying power. For a time Mr Major sought to repair the damage, handing side by side with Mr Kohl in early 1991 to declare that he would take Britain back to the heart of Europe. But the reformed alliance was broken by sterling's humiliating exit from the exchange rate mechanism and subsequent moves over European integration.

Now Lady Thatcher's views are commonplace among the Eurosceptics on the Conservative benches at Westminster. Thus the blueprint for a single European currency is regularly compared with Hitler's scheme in 1940 for a Bank of Europe in which all currencies would be fixed against the Reich-

mark. Thus Mr William Cash and Mr Ian Duncan-Smith, two prominent Tory Eurosceptics, characterise Mr Kohl's ambitions for a federal European Union as a "desire to create a federally integrated hard core of states as the western pillar of a Germano-Russian condominium to govern the entire continent".

It should be said that these are the neuroses of a minority even within the Conservative party, as distasteful probably to Mr Major as to Mr Kohl. But the insults are heard in Bonn. And there, the prime minister has come to be seen as more the prisoner than the leader of his party.

Mr Hurd, free now of the constraints of the Foreign Office, quietly despairs of Britain's loss of influence in Bonn. The Germans, he says, "have given up trying to understand or sympathise really". Their reaction now is that "we don't know what you are saying. You are very important. You will stay very important. But there's no dealing with you. There's no point in considering British ideas".

Like many others with longstanding links with Germany, the former foreign secretary was bemused by the characterisation in the British press of a speech given earlier this year in Louvain by Mr Kohl. There the German chancellor described European integration as a "question of war and peace in the 21st century". The Eurosceptics at Westminster were outraged.

In Mr Hurd's view, they reacted from ignorance. "The way in which the speech was demonised, made to look as if Kohl was threatening jackboots over Europe. That was nonsense. It was simply a restatement of his view that if you did not have integration you might have disintegration."

There are signs of alarm also in the British business community. This week Sir Bryan Nicholson, the departing president of the Confederation of British Industry, launched an unprecedented attack on the Eurosceptics. Europe, he said, was being defined as Britain versus Germany. "In this pungent atmosphere of romantic nationalism and churchyard xenophobia, I sometimes wonder if there are some among us who have failed to notice that the war with Germany has ended."

In Bonn this week there was similar disquiet. Officials in the Chancellor's office were reluctant to be drawn on the latest fracas. Any protest might again be caricatured. But, off the record, Mr Kohl's aides displayed a mixture of bewilderment and quiet irritation.

On the particular issue of beef, they point to the damage done by BSE in Britain to the German industry. German consumers are a fastidious lot. Consumption of beef has halved. For years the British government has failed to deal with BSE. Is it any wonder that Mr Kohl is cautious?

It is on the broader question of the future of Europe, however, that dismay mingles with despair. The German memory of the past is more acute than anyone's. In the words of Richard von Weizsäcker, a former president: "Whoever closes his mind to the past becomes blind to the present." The year 1945 is seen as the decisive break in German history. Yet Mr Kohl's willingness to confront the ugly reality of Nazism is seized on in Britain to



raise fears about the future. Mr Kohl promotes integration as the guarantor of German democracy and European stability. The Eurosceptics argue that Germany fears itself more than it is feared by others. It should rediscover its national identity rather than subsume itself in a federal Europe. But in the same breath the sceptics profess themselves worried about a rebirth of German hegemony and advocate a return to the balance-of-power politics which ended in two world wars.

Professor Karl Kaiser of the Deutsche Gesellschaft Für Auswärtige Politik, the foreign policy think-tank, sees the contradiction: "Whether you call our approach fear or a rational reaction to history does not matter. What matters is the result. And the result is a rejection by Germany and its continental partners of classical balance-of-power politics."

Germany wants Britain to be part of the project of integration, not least because its military power makes it an essential piece in the jigsaw of European security. The two countries stand on common ground on free trade and liberal economics. London's ties with Washington are also important.

As one of Mr Kohl's close advisers puts it: "It is a question of whether we want the Europe of Charlemagne or an Atlantic Europe." But Bonn has given up on Mr Major. It is waiting for the general election, even though it has yet to be convinced that a government led by Labour's Mr Tony Blair would bring significant changes to the substance or the tone of British policy.

But the facts of German power cannot be denied. Nor can those of Britain's waning influence. Otto von Bismarck might have been thinking of this moment when he remarked 130 years ago: "The thunder of Albiion are no longer backed by lightning charges; even children do not fear them." *The New Germans, by Giles Radice, Michael Joseph*

Hour of destiny for Ariane 5

As competition intensifies in the business of launching satellites, Europe's hopes rest on its largest-ever rocket, reports David Owen

The build-up has taken 11 years, cost more than \$700m and employed the cream of Europe's space engineers. Yet if all goes according to plan, next week's maiden flight of the Ariane 5, the largest rocket ever built in western Europe, from Kourou in French Guiana will last under an hour.

It will, however, be one of the most important hours in the history of Europe's thriving commercial space transport industry. If the four scientific research satellites on board are put safely into orbit, it will reinforce the leadership of France-based Arianespace in the \$3bn-a-year commercial satellite-launching market.

If something goes wrong, this prime position may quickly come under pressure at a time when the number of rival launchers is proliferating. "The launch is extremely important," says Mr Stéphane Chenard, senior space analyst with Euroconsult, the Paris-based consulting firm. "Ariane 5 is the launch vehicle on which Europe will rely principally both for its access to space and to maintain the commercial position it has built for itself in the past 15 years."

Incorporated in 1980, Arianespace has 53 European shareholders, most of which are aerospace manufacturers and engineering companies and some of which help build the Ariane rockets. These shareholders include Daimler-Benz Aerospace of Germany and Aerospatiale of France.

Much the largest shareholder is the Centre National d'Etudes Spatiales, the French space agency. At present, 12,000 people and more than 50 companies in 12 countries work on the Ariane project.

In recent years, it has taken about 50 per cent of the market in satellite launchers, which

was once dominated by the US. Twelve of the 23 commercial satellites launched in 1994 were propelled by Ariane launchers and last year the figure was 13 out of 26.

The group believes the new rocket will offer improved reliability, the capacity to carry larger payloads and lower launch costs. "We are moving from a position of having one possible failure every 15-20 launches with Ariane 4 to one every 70 launches with Ariane 5," says Mr Carlo Dana, head of the Ariane installations division at the European Space Agency which will be responsible for next week's launch.

The ability to carry heavier payloads is vital to Ariane's success, as satellites become more complex. When it enters commercial service, probably in late 1996 or early 1997, the Ariane 5 will be capable of launching two satellites with a combined mass of 5.9 tonnes (or one satellite weighing 6.8 tonnes) into geostationary orbit 22,000 miles above the equator.

With the average telecoms satellite now weighing three tonnes, this capacity is crucial if the group is to continue launching two satellites at a time. Ariane 4, with its payload of 4.8 tonnes, is simply no longer big enough.

Analysts put the cost to customers of a typical Ariane 4 launch at about \$90m, about the same as is charged for carriage on US defence group Lockheed Martin's Atlas launcher. Mr Dana says Ariane 5's launch costs will be 10 per cent lower than its predecessor's but it is not clear whether these lower costs will be passed on to the customer.

Until the end of the century when the new rocket is scheduled to take over completely from Ariane 4 after a three-year transition phase, Ariane-

space will charge clients the same regardless of which launcher is used. The company says an attraction of the Ariane 5 will be the guarantee of a free relaunch in the event of the failure of any mission.

Mr Patrice Larcher, Ariane's head of marketing, says that more than price, clients value having their satellites working as quickly as possible and reliable launches. "Being the cheapest by 10 per cent is not what is important."

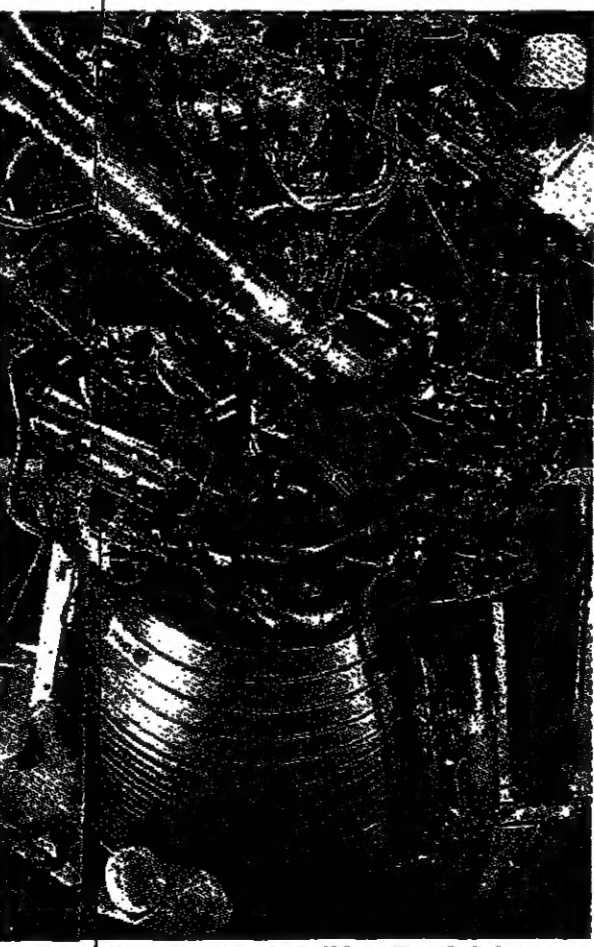
However, the Ariane 5 will face increasing competition over the next few years. The newest challenger is International Launch Services, a joint venture formed by Lockheed Martin and the Russian groups, Khromachev Enterprise and RSC Energia.

Lockheed Martin makes the Atlas launcher, 11 of which were launched successfully from Florida last year. The Russian companies offer the larger Proton, which is launched in Kazakhstan and has been at the heart of the Russian (and Soviet) space programme for 30 years.

By joining forces, the new alliance hopes to market both launchers around the world. Eight launches of the Atlas are already planned for 1996. The first commercial flight of the Proton took place only last month, with another two planned later this year.

More competition is expected to emerge during the next two years. McDonnell Douglas, the US aerospace company, is developing the Delta III, a rocket similar in size to the Atlas, designed to carry twice the payload of its predecessor, the Delta II. The first launch is planned for 1998.

And Boeing, the largest US aircraft-maker, has teamed up with RSC Energia of Russia,



Power up: Ariane 5 is set to blast off from French Guiana

Kvaerner of Norway and NPO-Yuzhnoye of Ukraine in the innovative Sea Launch venture. Thanks to launch satellites from platform in international waters in the Pacific, with their launch due in late 1997 or early 1998.

Lockheed Martin, moreover, is developing a new rocket, the Atlas II, which also has a planned launch date of 1998. With one and a half tonnes, the Atlas is also available, though it is starting to look decidedly crowded.

Initially, however, there should be enough work to go around. Most observers expect the number of satellites launched each year to increase steadily until the end of the decade, when the arrival of a string of new launchers sparks more intense competition.

A successful maiden flight next week would give the European model a two-year start that could help it preserve its lead.

which could mean problems for the least reliable or cost-effective launchers. "They won't have as easy a time in the early 2000s, that's for sure," says Mr Chenard of Euroconsult.

In his view, Arianespace's market share will probably decline in coming years even if next week's Ariane 5 launch is a complete success.

Its present dominance of the market, he says, stems partly from "historical circumstances" that are unlikely to be repeated - Ariane was a beneficiary in the long interruption in US shuttle flights after the explosion of the Challenger shortly after take-off in 1986.

Thus the Ariane 5 will have only a short while to make its mark before the arrival of a string of new launchers sparks more intense competition. A successful maiden flight next week would give the European model a two-year start that could help it preserve its lead.

An ugly night on the campaign trail

Kevin Done experiences the rising tension and violence as Albania prepares to go to the polls

The driver of the battered Mercedes-Benz in which I was travelling with Kastriot Islami, one of the leaders of the Albanian Socialist opposition, told us to push the car mats against the windows to protect ourselves from flying glass. Trouble was expected on the way to the evening's election rally, and stones might be thrown at our convoy. Word had come from the port city of Durrës, 50km from the capital Tirana on Albania's Adriatic coast, that supporters of the ruling Democratic party of President Sali Berisha were planning to set up roadblocks and otherwise disrupt our progress.

Albania, isolated from most of the world for 45 years after the second world war by the repressive Stalinist regime of Enver Hoxha, goes to the polls tomorrow in the country's third free election since 1991.

The transition to democracy has not been easy, and the final days of this campaign have been marked by rising tension and opposition claims of intimidation and violence.

At Durrës, the convoy of cars - including one carrying Servet Pellumbi, the Socialist party deputy chairman who has led the opposition campaign in the absence of jailed party leader Fatos Nano - was brought to a sudden halt.

Ahead and to either side, the road was jammed with police vehicles and the cars of shouting, flag-waving Democratic party supporters. It was impossible to go on. A small group converged on the cars, jumping onto them, hammering the windows with their fists and screaming "Down with the Socialists!" "Go home, spies!" "Freedom and democracy!"

Inside the cars, baking under the sun, windows tightly closed, it was claustrophobic and sweaty. "Do we go on and risk provocation or pull back?"

wondered Mr Islami nervously. Riot police moved in around the convoy but did nothing to unblock the road. A protester smashed a window of one of the cars.

The police ordered the convoy to reverse. Separated in the confusion from the other cars, we headed onto a pot-holed dirt track towards the port, bumping over railway tracks, narrowly missing wandering goats and cows.

A police van pulled past, obscured in a cloud of dust, drawing the now re-formed convoy through a guarded barrier into the port. Late and harassed, the Socialists entered Durrës ignominiously between the gantry cranes along the quayside.

At the concrete sports hall, the venue for their meeting, they were again forced to run the gauntlet of a screaming, hostile crowd pressed around the cars. Arms linked, we were propelled towards a side entrance; the police, some with batons and shields, were barely in control. A stone thrown from the crowd shattered the window above the door, showering glass as we struggled to get inside.

A small group of demonstrators broke in ahead of us, wrecking the speakers' table.

Arms linked, we were propelled towards a side entrance of the meeting hall; the police, some with batons and shields, were barely in control.

According to Albert Brojka, a senior Democratic party official: "Most of the incidents are provocations by Socialist elements, units of the (former Communist) secret police which are trying to create a tense environment."

The couple of hundred international observers who have arrived in Albania in recent days face a challenging task tomorrow: their job is to judge whether President Berisha's government delivers on its promise to stage free and fair elections.

CURRENCIES AND MONEY

MARKETS REPORT

Markets yawn

By Philip Gawth

Foreign exchange markets yesterday dawdled their way into the long weekend with the upcoming UK bank holiday and Memorial Day in the US providing market participants with ample reason to retire to the sidelines.

Only the utterances of Mr Eisuke Sakikabara, the influential Japanese Ministry of Finance official, prevented markets from sinking into a state of utter torpor. His comments to a closed meeting about the level of Japanese interest rates, and possible trading ranges for the yen, were sufficient to cause the yen to weaken across the board.

The dollar gained around one yen to finish in London at ¥107.575 from ¥106.776, and at DM1.5414, from DM1.5406.

There was little activity of note in Europe. The lira finished unchanged against the

D-Mark at L1.012.

In South Africa nervousness about another rise in the bank rate receded after the weekly T-bill auction went off without the bank having to intervene to prevent rates rising. The rand was barely changed against the dollar at R4.365.

The market focused on two comments made by Mr Sakikabara: first, his observation that "expectations of higher inter-

est rates are fading"; second, a reported comment that an exchange rate around ¥130 was not unusual.

Given the absence of any other more compelling dividend, this was sufficient excuse for the market to buy dollars. Mr Tony Norfield, UK

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Weekend FT

The third world war – it will be over in minutes

Wars in the 21st century will be fought at ferocious pace, causing massive casualties. Bernard Gray looks at a terrifying arms race which threatens to undermine the doctrine of deterrence

Tom Lehrer clearly expected the third world war to be a brief affair. In his 1950s satirical song "Bye-Bye Mom, I'm off to drop the Bomb", a young pilot bids his mother a fond farewell, and promises to see her after the war is over, "an hour and a half from now..."

The prospect of instant nuclear annihilation may have receded, but those paid to gaze into what future warfare may hold do not expect tomorrow's conventional conflicts to last much longer than Lehrer's Armageddon.

"Technological developments are about to give us the capacity to wage war at a blindingly fast pace," says one senior British scientist looking at future warfare. "Changes in information technology and remote sensing will revolutionise the ways wars are fought."

According to these scientists, the most important single development is in intelligence and surveillance: future generals will know the exact location of every important installation an enemy possesses.

By the turn of the century, commercial satellite mapping will give anyone with the money the chance to buy images of anywhere on earth to a resolution of one metre. That will allow potential combatants to identify individual buildings, ammunition dumps, science laboratories or communications centres.

In a parallel development, the commercially available Global Positioning System, a satellite-based navigation aid which allows users to identify their exact location anywhere on earth, will permit potential aggressors to feed the exact location of any target into the computers of an aircraft or missile. Together the two technologies will permit even those countries with modest means to hit any target they choose.

However impressive it may sound, such technology is just

the standard, off-the-shelf variety. Real space age warriors, particularly the US, already have much more sophisticated tools. American "Keyhole" spy satellites have mapped large areas of interest down to a resolution of a few centimetres, and are permanently on hand to photograph new trouble spots.

The power of these images is instantly apparent to politicians. In the build up to the Gulf war in 1990, President George Bush showed some Keyhole photographs of Iraqi troops massing near the Saudi Arabian border to President Mitterrand, in an attempt to persuade France to commit itself to the multinational force.

Mitterrand was instantly convinced, and asked to keep the shots. When Bush refused, France immediately started a rapid programme to develop its own spy satellites.

Reconnaissance is, of course, nothing new. What is different is the detail and accuracy of the images and the way in which they can be used to target missiles. During the Nato raids on Bosnia last summer, one knot of air defence and communications centres was judged too dangerous for pilots to fly against.

Instead, satellite and spy-plane photographs were programmed into Tomahawk cruise missiles on US ships in

the safety of the Adriatic; 13 were fired, scoring 13 direct hits.

Attacks on such fixed targets are today's warfare. The US is trying to push such technologies forward to give a detailed picture of a moving battlefield as the action takes place.

A combination of spy satellites, high-level reconnaissance aircraft, and unmanned vehicles able to photograph the battlefield at low levels will be teamed with reconnaissance helicopters and radar mounted in aircraft to give a full picture of the "digital battlefield".

These maps can be beamed to top-level commanders for strategic decisions or the relevant parts sent to individual field commanders to give them an accurate report on the forces they are attacking. The US has already tested early versions of such a system under the code name Force XXI, and will conduct an exercise with a full division of 10,000 men within two years.

Early results from the Force XXI experiments have been disappointing, with troops having to carry more than 40lbs of additional electronic equip-

ment without a significant improvement in results. But it is still early days.

The other strand to development of the digital battlefield will be the requirement to hit a target as soon as it has been identified and before it has had a chance to move. Energy beams are one obvious way to strike instantly over long dis-

'Tanks are becoming like knights: well armoured but unable to move'

tances, and the US is working on high-powered lasers mounted in Boeing 747s which will be able to shoot down missiles as they leave their silos.

This technology may have other applications, and the science fiction image of high-intensity lasers slicing across a blood-stained battlefield may be growing closer to reality. Scientists are also working

on ultra high velocity missiles, capable of travelling more than five times as fast as Concorde. At that speed, the missile does not need an explosive warhead – the energy of impact is enough to destroy even the most hardened target.

The combination of visual, infra-red and radar imaging, combined with laser and high velocity missiles, will make battle a frenetic spasm. The seven day war may become the norm, and dreadful casualties are likely to be incurred.

Partly as a result, the long-term trend towards a lower concentration of troops on the battlefield is likely to continue. Forces will also have to reduce their visibility. Technologies such as stealth, which seeks to reduce radar and infra-red detection, will become vital.

Several military sacred cows may also be slaughtered. In the air, the unmanned fighter aircraft is not far away. Pilots account for half the running cost of a modern fighter aircraft, yet they limit its capability. Most existing fighters could turn much faster if their human pilots could stand the acceleration forces without blacking out.

Designers claim they could make aircraft 40 per cent smaller and at a lower cost if they could leave the pilot out. The US is working on prototypes.

On land, the main battle tank may have run its evolu-

tionary course. The tank's weight has grown remorselessly as its armour has had to get thicker and more sophisticated. Already the tank is only really useful for fighting in Europe, the Middle East and parts of Africa: most of the rest of the world is too mountainous or boggy.

Even in Europe there is an absolute weight limit of about 70 tonnes before almost half of the continent becomes impassable. The US M1A1 Abrams tank already weighs more than 65 tonnes.

As one senior British defence scientist says: "Philosophically, the tank seems to be heading into a dead end. Most other systems, warships for example, have been trying to shed weight and become more manoeuvrable. Their emphasis is on not getting hit in the first place, rather than being able to stop anything thrown at them. "Tanks are in danger of becoming like medieval knights: increasingly well armoured but finally unable to move on their horses."

What might replace the tank is less clear. Given that the battlefield of the future will be a fearful place to be, troops and artillery will need some protection, but defences designed to confuse imaging systems, rather than brute strength, might be the solution.

At sea, the long predicted demise of the surface ship is emerging again. The US is already working on stealthy "arsenal ships", built to avoid detection and packed with every conceivable defensive missile. Yet the slow-moving surface flotilla, laid bare to the

unblinking eye of the satellite, will have a hard time surviving long-range laser attack.

While the new evolving technologies will confer tremendous power on those first world powers which possess them, they all rely on the transfer of huge quantities of information. This may prove their Achilles heel, since transmitting information, particularly by radio, gives away position and, even more importantly, is vulnerable to interception.

Western military planners and scientists are certain that they have both problems under control, which is perhaps a cause for concern in itself. They argue that modern, frequency-hopping transmissions are extremely difficult to detect, and that encryption methods are running well ahead of code cracking.

That may be true in theory, but an embarrassing number of 16-year-olds have broken into Pentagon computers. This, argues the military establishment, is the result of sloppy housekeeping, rather than vulnerable systems.

But humans are sloppy, particularly when under the strain of all-out war. Furthermore, the confidence of scientists is reminiscent of the certainty Germany had in its Enigma code system in the second

A worrying number of 16-year-olds have broken into Pentagon computers

world war.

Fear of the possibility of the military information network being cracked is one of the reasons why the Pentagon has an urgent programme under way to investigate "information warfare".

The more dependent both US civilian and military life becomes on computers and transmitted information, the more vulnerable it becomes to losing those systems. Such an attack would indeed have a lot of attractions for small powers unable to afford to match US might in military hardware.

Military planners seem confident they can resist such attacks. They point to the decentralised nature of most large computing systems, which often means that the same data is stored at a number of locations and can be routed by a variety of paths. Any large scale intrusion, they argue, would be detected at an early point, and defensive measures to limit the damage taken.

What really scares the plan-

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Joe Rogaly

Keep your wigs on, m'luds

In a tense week for the judiciary, politicians are also found wanting

When judges start jumping up and down fit to lose their wigs it is time to ask whether there is something funny going on. There is. One m'lud thinks the criminal justice system is threatened, and proposes to do something about it. A second argues for a new law on privacy and intimates that if none is forthcoming the courts will invent one.

You might think that these matters are best solved in parliament. Yes, probably, but the political process is evidently not working. No wonder Britain's judicial eminences have endured a week, nervous, ratty tense. Let me explain.

We begin our morning's caseload with Michael Howard. This old lag has been up before the bench and found wanting so many times before that we have lost count. On Thursday, the home secretary was accused by the Lord Chief Justice of introducing "production line justice", by which Lord Taylor meant the mandatory minimum sentences proposed by Mr Howard. The idea that judges should be told by

elected politicians what sentences to pass was serially mugged in the House of Lords on Thursday afternoon. Lord Taylor, who is retiring on grounds of ill health, led the noble assault.

"Judges need the ability to tailor the sentence to the offence – to make the punishment fit the crime," he cried. The outgoing Chief Justice is a man of quality, a judge of distinction, with a fine intellect. He has carried the banner for an independent judiciary against a shamelessly populist ministry whose appetite for the approval of the mob is boundless.

His successor will need to deploy some of the Taylor fire if the balance of power is not to be tilted further in the executive's direction. This is likely to happen whoever wins the next election, Labour or, by courtesy of the beef war, the Conservatives. For the differences between Mr Howard's proposals and those of his opposite number are less obvious than the similarities.

This is understandable if you take a cynical view of politics. Jack Straw, the Labour shadow home secretary, is

walking a tightrope. He has to keep the public's eye on the rise in crime during the years of Tory administration that began in 1979, and off the crowd-pleasing propositions

What Michael Howard has to explain is how his lock 'em up policy is to be paid for

put forward by the home secretary. For example, the suggestion that repeat drug dealers should get an automatic seven years is Mr Howard's to trumpet, Mr Straw's to deflect.

This is not to say that the Labour politician is about to let himself be called softer than the Tory. Indeed, he favours indeterminate sentences for violent and dangerous sex offenders. These would be reviewed after a minimum period had been served. The difference between indeterminate and automatic life sentences, as proposed by Mr

Howard, is semantic. The home secretary and his shadow also concur on "honour in sentencing" – at present six years works out at four or 3/4 with good behaviour. Lord Taylor seems to see merit in this last notion.

Mr Straw seeks a more consistent set of rules, even out punishments as between courts and regions, and stiffer sentences for repeat offences. Lord Taylor may have missed a trick here. Labour would oblige the court of appeal to produce detailed and comprehensive guidelines for the lower courts to observe. Mr Howard seems prepared to produce his own rules of sentencing but has begun to talk of "exceptions". This offers the judges an opportunity to drive a coach and horses through his scheme, although Lord Taylor does not see it that way.

What Mr Howard has yet to explain is how his lock 'em up policy is to be paid for. As Mr Straw has pointed out, the rot started with the Criminal Justice Act of 1991, a year in which the government's policy was to empty the prisons. That did not find favour with the tabloids. Now the strategy

is to put as many offenders as possible behind bars. California-style. That will surely mean fewer guilty pleas, logjams in the courts, and an exploding budget for the prison service. The irony is that an incoming Labour home secretary – Mr Straw, say – could find himself saddled with overflowing jails, courtesy of Mr Howard.

Has Labour costed this? Second on parade this morning is the upwardly mobile Sir Thomas Bingham. On Tuesday night the Master of the Rolls spoke in favour of a law of personal privacy. Foot against the saloon-bar rail, pint mug in hand, we all have a view on this one. I have blown hot and cold on it, arguing at one time that the sleep-press intrusion into personal affairs is intolerable and at another that the British government is so secretive that any restriction on the freedom to publish anything should be resisted.

Sir Thomas has no such doubts. "To a very large extent the law already does protect personal privacy," he said. "But to the extent that it does not, it should." His preference would be for legislation, which "would carry the

imprimatur of democratic approval". As you may recall, the government has consistently fudged such a law, fearful of the very media it would restrict.

The judiciary is not thus constrained. If there was no law, Sir Thomas intimated, the courts would invent one. I paraphrase, but he did say that that was how the law had developed in other fields. "The process is already evident, and is becoming more explicit." If so, our bewigged guardians are going too far.

We may favour the extension by judges of their power to review ministerial decisions. In the absence of a written constitution that is some protection against the potential tyranny of the executive.

Again, it is reasonable for jurists such as Lord Taylor to express opinions on proposed legislation affecting the conduct of court cases, or this or that sentencing policy. If they did not defend their independence, who else would? But a law on privacy, albeit an individual right, is for elected representatives to decide. On this one, the judges should stop jumping.

easyJet

Amsterdam	£35
Nice	£49
Barcelona	£49
Glasgow	£29
Edinburgh	£29
Aberdeen	£29



Affordable as a pair of jeans

CHESS

Spain's Miguel Illescas, the winner of last week's game, continued to worry the world's top grandmasters at Madrid where he tied for first prize.

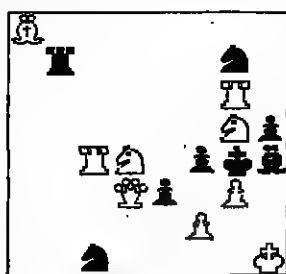
It often pays to use a sharp, aggressive style against higher ranked opponents and Illescas scored an impressively quick victory over Boris Gelfand, the Belarusian whose speciality is long and complex manoeuvres.

Gelfand surely knew of previous miniatures where a rook and long diagonal bishop combine to checkmate a castled king, but he overlooked Illescas's final move threatening a decisive family check to White's king, queen and rook (Gelfand, White; Illescas, Black: Bogomolov Defence).

active and two black pawns are weak, but... Nxb3! 20 Resigns. If gxb3 Nxb2 mate, and otherwise Nxb2+ wins decisive material.

No.1129 This problem is the first stage in the annual British Solving Championship. White plays and checkmates in two moves, against any defence.

If you would like to enter the championship, send White's first move only, by July 31, to British Chess Problem Society.



9 Roydfield Drive, Waterthorpe, Sheffield S19 6ND, with a cheque or postal order for £3 payable to BCPS. Mark your answer "FT" and send an SAE to receive harder problems for the postal stage. Only UK residents are eligible.

Leonard Barden

BRIDGE

Whether declarer or defender, when the situation appears hopeless, re-run the auction and try to recall the cards played. Even after an uncontested auction, with four flat hands, my partner managed to find enough material with which to weave a winning line discovering that, sometimes, less is more.

N
♠ Q 6 2
♥ A Q 2
♦ Q 9 8
♣ 8 4 2
W
♠ A K 10 9 8
♥ 8 5 3
♦ 10 4 3
♣ 10 5
E
♠ 7 3
♥ K 6
♦ J 8 7 3
♣ J 9 7 6 3
S
♠ J 5 4
♥ J 10 9 7 4
♦ A K 5
♣ A K

East-West passed throughout. My partner, South, opened 1H. I responded 2C and he re-bid 2NT. I now bid a forcing 3H, and South 4H.

Declarer won the diamond switch, and set about the seemingly inevitable heart finesse. However, having led J♥ West playing small - he hesitated. Indeed, he put his cards on the table and shut his eyes. Eventually, he called for dummy's A♥ and East's K♥ fell.

The winning deduction was this: West started with five spades headed by Ace, King. If he also held K♥, he would have overcalled 1S over the 1H opening bid. West's silence convinced declarer that East held K♥, and so the only hope was to drop it under A♥.

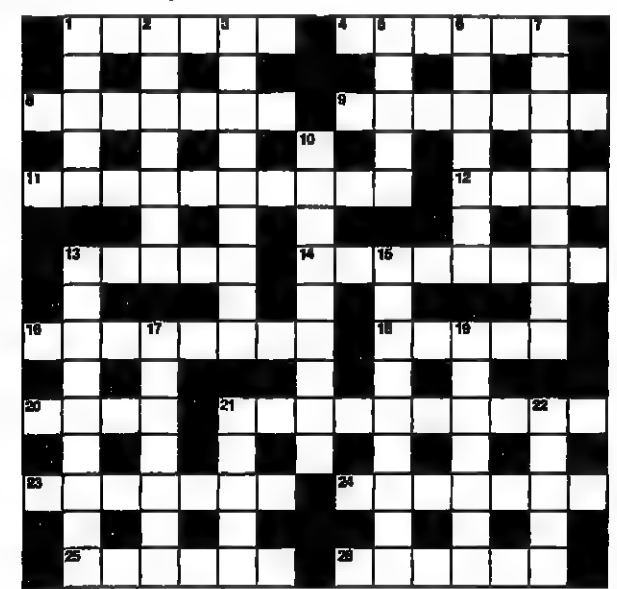
My 3H bid was poor - even in a Teams match. My balanced hand, full of Queens, is quite unsuitable for a trump contract. Next time, I will bid 3NT. Here, however, 4H is a much superior spot, and partner had the opportunity to shine. I could claim that I knew this when I bid 3H, but we only deal in hard facts here - even when the only fact we have is silence.

Paul Mendelson

CROSSWORD

No. 9,078 Set by DINMUTZ

A prize of a classic Pelikan Souverain 800 fountain pen for the first correct solution opened and five runner-up prizes of £25 Pelikan vouchers. Solutions by Wednesday June 5, marked Crossword 9,078 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8HL. Solution on Saturday June 8.



Name: _____ Address: _____

- ACROSS
- Land burning? (6)
 - Sounds from some in trouble at sheep-shearing (6)
 - Maximum holding of western dollars? (7)
 - Heavily ornamented sailing-ship, unladen (7)
 - Say "Michaemas"? (7-3)
 - Works in garden, damaging shoe (4)
 - Bellie carried over, gripping cardinal (5)
 - Cherish slimmer, he may be reformed (6)
 - Barbarian about to trap the dark lady (8)
 - Explosives from Athens in revolution (5)
 - Charlie has little time to attract rally (4)
 - Old Easter, but should get men out (4-8)
 - Worried over sun breaking out? (7)
 - Take salt of acid just after dark, some say (7)
 - Wound ricket left on the way back (6)
- DOWN
- Peter out in gold jacket for so long (5)
 - Houseman heard abroad? (7)
 - Pad on a cut, possibly? (9)
 - Green meadow, extremely flowery (5)
 - The Nora Batty? No, a different one! (7)
 - Wine producing a truism when started? (8)
 - Holding fast in wild dance around this place (9)
 - Acrobatic feat to impress the field? (9)
 - Unable to see, after a heavy fall (9)
 - Unadorned, small oysters? (7)
 - Check the northerner's skin-blemishes (7)
 - Planetarium leaders move out to see this body (6)
 - Additional piece of complex translation (5)

Solution 9,077

Solution 9,066

WINNERS 9,066: J.R. Adamson, Rayleigh, Essex; P.T. Barvick, Edinburgh; Mrs V. High, Braughing Friars, Herts; A. Ogden, Hopwood, Birmingham; Mrs M.E. Pleasance, East Preston, W. Sussex; E. Telesford, Brighton, E. Sussex.

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PERSPECTIVES

The Nature of Things / Clive Cookson Jupiter's lesson for planet Earth

Where has all the water gone? Drought-pressed UK water company managers are not the only ones asking that question. Planetary scientists are trying to make sense of the weather report from Jupiter, transmitted by the Galileo space probe as it plunged through the Jovian atmosphere last December, and they say the biggest surprise is how dry it was.

When the US space agency, Nasa, released preliminary findings from Galileo in January, its researchers were tentative about the lack of water, because they had not finished cross-checking and calibrating the results from the probe's 10 experiments. But this week they announced more definite findings to the American Geophysical Union conference in Baltimore - and said the "extreme dryness" had been confirmed by analysing data from five different instruments.

The amount of water detected by the probe during its one-hour parachute-borne descent was between 10 and 20 per cent of the level found in the outer layers of the sun. (Some people may be surprised by the idea of water in the sun but of course no liquid water is present - just water molecules mixed up in the hot gases of the solar atmosphere.)

Previous scientific estimates,

based on current theories of planetary formation and observations from earlier spacecraft flying past Jupiter, had suggested that the Jovian atmosphere would contain at least as much water as the sun. So where is the water that should remain from Jupiter's formation in the same primitive nebula of gas and dust that spawned the sun and the other planets?

Planetary scientists have already come up with several theories. Simplest is the idea that the Galileo probe happened to travel through an exceptionally dry section of the Jovian atmosphere - as if an alien spacecraft deduced the amount of water on Earth by entering the atmosphere above the Sahara desert.

This theory is supported to some extent by observations from Earth-based telescopes and other spacecraft, which showed that the Galileo probe's entry point on the north

equatorial belt had less cloud cover than 99 per cent of the planet's surface. But there are objections.

First, the theory would require a huge "downdraft" of sinking dry air, on a scale thousands of times greater than the downflows that occur over the Earth's deserts. Scientists doubt whether such conditions could exist down to the depth (400 miles) and pressure levels (20 times Earth's atmospheric pressure) to which the probe descended before it stopped transmitting data.

"This explanation is particularly difficult when considering that Jupiter emits more heat from its interior than it receives from the sun," says Andrew Ingersoll, a Galileo investigator at California Institute of Technology. "The up-flowing interior heat should block a huge, deep downflow of dry air. It should evenly mix Jupiter's atmosphere [at the deeper levels reached by the probe]

preventing the existence of a very dry region."

A variant of the theory is advanced by Richard Young, who heads the Galileo probe scientific team at Nasa's Ames Research Centre in California. "Jovian water distribution may vary radically over large latitude bands, with much of the water being concentrated at high latitudes," he says. "Unfortunately at the moment we can't put all of this into a mechanism to explain how major parts of Jovian water could be concentrated uniquely at these high latitudes."

Other theories accept that the whole atmosphere is extremely dry. According to one, Jupiter's water is trapped deep inside the planet.

It is possible to imagine a process in which water ice was concentrated in the core of the growing proto-planet five billion years ago, as Jupiter gathered up ice grains and dust

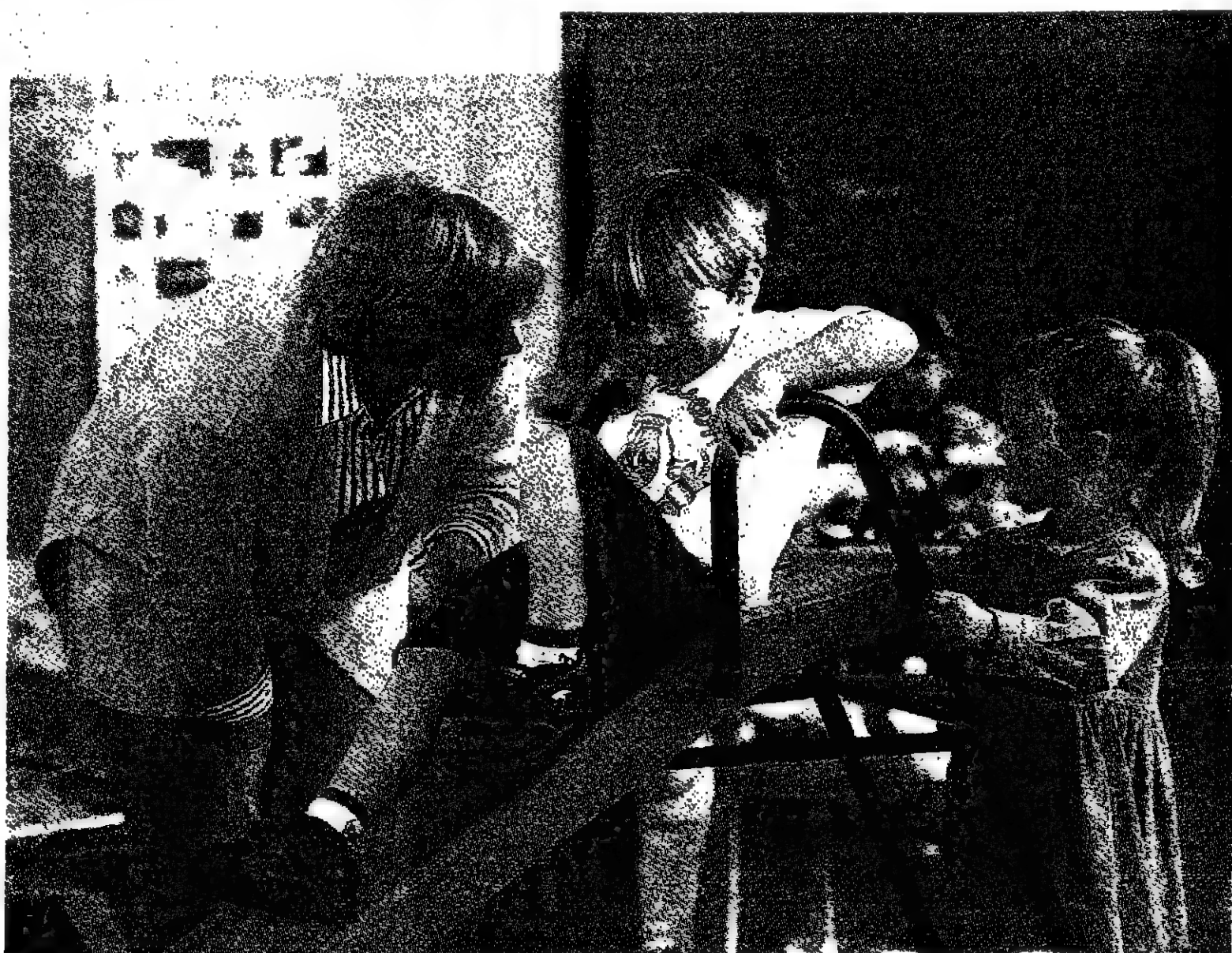
from the primordial interstellar cloud. However scientists have no way to explain how water remained in the core as it heated up, while other volatile molecules such as methane and ammonia escaped into the atmosphere.

The answer might lie in some exotic physical process that locks up water at the extreme pressures - millions of atmospheres - deep inside Jupiter. Could it possibly exist in a metallic form, mixed with the metallic hydrogen that is believed to dominate the Jovian interior?

Like many other space missions, the Galileo probe has raised more questions than it answered. Scientists will go on analysing its data for years but they will not get any more direct observations. No more missions are planned to sample Jupiter's atmosphere.

The next probe will be the European Space Agency's Huygens mission to Titan, Saturn's largest moon. The Huygens probe is due to be launched in October 1997 (on board Nasa's Cassini craft) and reach Titan seven years later.

No one knows what lies within and beneath Titan's hazy orange clouds. "The Jupiter experience teaches us to be more modest in our predictions about what a new world will be like," says Jean-Pierre Lebreton, Huygens project scientist.



Debra Hunt: Rules and regulations with which to waste, as well as tiny tots

Minding Your Own Business

The serious side of play

Grania Langdon-Down on the factors that make running a playgroup a tricky business

don't turn up and others refuse to pay. Last year we found ourselves short of children and overstuffed and suddenly my bank loan has doubled in two terms.

"Also, I always have at least one member of staff over the required ratio of one adult to eight children with the older children and I pay for Christmas, Easter and summer parties which cost about £480 a year."

Hunt took over the Noddy Club just as the Children Act with its 62 pages of regulations came into force. "It was why the last owner was selling. There were a lot of expenses involved - more than £200 for each member of staff to gain the correct qualifications, plus the cost of three yearly courses updating first aid."

"However, I think the regulations are right and I wouldn't want to work any other way."

One problem facing all the playgroups is the supply of children. They cannot take children younger than 2 - but are now being squeezed by many primary schools which are starting to take children earlier - at the start of the school year in which they will be five, instead of later in the year.

Hunt fears this might cause the minimum age limit to be lowered to two, a widespread fear that found expression in a recent controversy over the use parents are making of private nurseries.

Paddy Holmes, head teacher at a Hampshire school, said last month that youngsters were being treated "like young animals, staying with their mothers only as long as they are biologically dependent."

Her comments caused such an outcry that she was forced to resign as chairwoman of the Independent Schools Association Incorporated. Her critics pointed to recent evidence that showed two-year-olds were unlikely to suffer harm from day care.

But in spite of the extra business it would bring, Hunt said she hoped the age limit was not lowered to two: "I agree with Paddy Holmes when she said children could be emotionally damaged by premature separation from their mothers if they did not receive the right kind of care."

Further uncertainty is caused by the government's pre-school voucher

scheme for four year olds, which is likely to be introduced in Surrey next April. Parents will have to apply for vouchers worth £1,100. Pilot schemes are running in Norfolk and in three London boroughs.

The voucher scheme would benefit the Noddy Club by £1 extra per day for each four-year-old, of which there are usually eight attending. But it would also mean increased costs.

"You have to be validated by Ofsted [the schools inspection agency] every three years, with annual inspections. We do not know how much that will cost yet," said Hunt.

"As I understand it, parents will get a voucher which they can give to their local school or to the playgroup where their child can stay until they are five without losing their place at the school."

But again, Hunt puts the welfare of children before the needs of her business: "Despite the better child:staff ratio at the playgroup, I could not, hand on heart, recommend a child stay on and miss out on the important settling-in period at school."

There is also a new accreditation procedure being run by the Pre-school

Learning Alliance, which will cost playgroups £400. Any group seeking accreditation must go through an eight step process, including self assessment and visits from assessors to see whether it is "viable".

Hunt is confident that they already do all that is required. But she said: "I was hesitant at first. But however good we are, we cannot afford not to be involved in these schemes, because parents who do not understand the system will just think there is something wrong with us."

For Hunt, her target is to pay off her bank loan by the end of next year. She is already full for the September term and is considering reducing numbers to a maximum of 27 which would mean one fewer staff. She is also considering going into partnership with one of the people currently working with her.

Whatever happens, Hunt has no regrets about taking on the challenge of running the playgroup. "I would make much more money by going out to work given the time and effort I put into it. But I choose to do it because I love it and because I love children."

Country Living / Michael Roberts

Turkey trot on a new car

plucked a rosebud for his buttonhole and then set off for a stroll around my gardens.

For so long as I had known him, the rector had driven an old, battered and whitish car.

Today, though, he had rolled up in an immaculate, shiny vehicle in a shade of metallic purple.

Hardly had he disappeared than the turkeys came wandering by. There were six of them, splendid birds of five or six kilos apiece. At night, they were shut up with the bantams and ducks. By day, though, they wandered

about the garden and paddocks.

Clearly, they were fascinated by the shiny purple car. They formed a circle about it and worked themselves into a frenzy of excited gabbling and cackling.

Then, without warning, they launched themselves into the air and all landed on it - two on the roof, two on the boot and two on the bonnet.

Worse was to come. Those which found themselves on the lower parts of the car started to scramble and scrabble up the windscreen and back window in order to get on to the roof.

They were repulsed and pushed down by the birds already there, for all the world like children playing King of the Castle. Feathers flew, wiper blades were bent and droppings fell thick and fast.

At this point, the rector returned, a smile on his face and a small bunch of my flowers in his hand. For a few seconds, he was rooted to the spot in horror at what he saw. Then, with a shriek that would have put all but the bravest of evil spirits to flight, he rushed, arms flailing, towards his precious car.

The turkeys were not very clever but they could see that trouble was coming their way. Without ado, they skidded and fluttered to the ground and bolted.

The rector gazed sadly at the great daubs of droppings all over the car, and at the scratches and scuff marks made by horny feet and long claws. He slumped into the driving seat, ran the screen washers and wipers until he could see clearly through the windscreen and rear windows, and then drove away, slowly.

To give him his due, he never complained to me. Nor, indeed, to my knowledge, did he talk to anyone about this turkey experience, even though people must have asked how his new car got scratched.

But he never called on me for a sherry again.

15:40 100% 100%

PERSPECTIVES

Lunch with the FT

A dish of paella and politics

Nigel Spivey meets Professor John Keane, the celebrated academic

I never knew about the Spanish Club in London's Cavendish Square. I wonder how many people do. It is a promising location for the gourmet: sited above the office of the Spanish Chamber of Commerce, it seems bound to please with ambassadorial purpose.

You see portly Spaniards heading there, brimming hunger and nostalgia. Julio Iglesias croons steadily in the background, and little children scamper around the tables with the usual Mediterranean indulgence.

It was, as John Keane pointed out, a handy place for him, just around the corner from his base at the University of Westminster, where he is a celebrated professor of politics and director of the Centre for Democracy. But I wondered about the wisdom of his choice, since he declared also that he had a seminar starting at two.

We arrived at 12.45 and a glance at the staff and clientele of the Spanish Club suggested immediately that, while they might be naturalised enough to contemplate a London lunch finishing by three, two would be a problem. Not so much optimistic as barbarous. Paella, after all, is not a flesh in the pan. But paella we ordered. And, to his professional credit, Keane competed stoutly with Julio throughout the intervening hour.

We were intending mainly to talk about his latest political interest, which is violence. But we began with the more delicate topic of academics writing for newspapers.

"I think," said Keane, "that a lot of damage has been done by the division of the day and the journalist in post-war Britain. Look back at the 1920s and 1930s. You see a much greater fluidity of role, which was healthy for the country's political imagination."

Would he be deterred from

"Now, with the institutionalisation of academic life, you get journalists who are paid to write but either can't think or don't have time to, and academics who are paid to think but can't write."

He has just chaired the award of the Orwell prize, given for the sort of imaginative writing research that Orwell himself might have thought worth supporting.

Didn't thoughtful journalists put in a good showing there? Yes. That's the good news. OK, not many intelligent journalists are writing the good, old-fashioned, up-to-date stuff that Orwell did so well. But we had some excellent submissions: Fargal Keane (no relation, the award-winning BBC correspondent who won); Will Hutton, [the new editor of The Observer newspaper]; François Duchene, [Jean Monnet's biographer]. And Tony Benn's diaries.

At this juncture, I emitted a loud mock-sneeze. "Well, OK, perhaps not the Benn diaries."

Whom, I asked, did he consider as an intellectual in politics? Blank. He shrugged his shoulders; I raised my eyebrows.

"Do you mix with politicians?" I inquired. "Not really," he confessed. "Their milieu is miles apart from mine. This country is coming to the end of what I take to be a protracted period of oligarchy. But it's a depressing scene in terms of the political zeitgeist. No debate about fundamental values seems to go on."

"Did you see that survey of what Labour parliamentarians read? Once upon a time they were read on Orwell, Dickens, Cole and Forster, and the *Ragged-Trousered Philanthropist*. Now, they admit to reading just Marx and the Bible - and there I don't believe them."

Would he be deterred from



John Keane: battled with the dilemma of foregoing his lunch, or being a quarter of an hour late to chair his seminar

voting at all by the prospect of what, in effect, might be a one-party state in Britain?

"Oh no. We still need a change of personnel, a clearing of the stables. There's a certain arrogance, a certain laziness, and a tendency to flout the law about our present representatives, which we need to be rid of. But, otherwise, it's true that I rather despair about the state of our democracy. There's not enough trouble-making going on."

A starter dish of mushrooms did find its way to the table by 1.30. We broached violence, on which subject Keane has just

produced a fluent and passionate monograph. He admitted to writing it all in a couple of months. What moved him?

"I used to teach in Dubrovnik," he said, haltingly. "I had - still have - many close friends in that region. I kept quiet too long about what was happening in the former Yugoslavia. I decided it was time to address what has gone wrong there."

Which is?

"The breakdown of civil society. Or if you like, the triumph of incivility. Because incivility, which also denotes the 'law

and order' debate, is not an exclusively right wing issue. Nor is it religious. So, in my essay, I've tried to create a public and political and secular way to talk about violence."

The book is articulate as regards the history of violence and its philosophical perception. He gave me a lucid summary of his arguments there. But what advice, I pressed him, could the professor offer to the City gent confronted by a mugger, or the schoolteacher harried by daily violence?

"None," he replied, candidly. "Intellectuals should never presume to draft social policy;

they always make a hash of it. But what we can do is make clear what the issues are, in a language that everyone can relate to. After the Dunblane shooting, for instance, it was obvious that no one really had anything to say beyond the obvious tired sentiments."

He talked of the new multiple roots of world conflict: "uncivil" civil wars, such as in Bosnia and Rwanda, where the "pleasures" of national violence were indulged freely, like the "storms of steel" on the Russian front. He talked of the technological sophistication of violence as an instrument of

state policy. And he talked of the tendency to permanent instability which supposedly "civil" capitalist society fosters by generating inequality and resentment relentlessly.

From an evidently mild and pacific scholar, it was an impressively engaged analysis. Then, at about three minutes to two, with much steezing, two colossal plates of paella were set down before us.

I watched John Keane as he battled with the dilemma of foregoing his lunch, or being a quarter of an hour late to chair his seminar. The latter was an option which no continental

professor would have felt any shame in taking.

Keane ate two succulent morsels before duty prevailed. The Spanish Club paella, the best I have tasted (and I have to admit I did not let them sweep away the deserted portion) lost out.

Democracy might be in a sorry state at the Palace of Westminster but, plainly, it is still at least more important than food at the University of Westminster.

■ *Reflections on Violence*, by John Keane, is published by Verso at £9.95.

Shoes crunch on shards of white gravel. Larches nod in the early spring breeze. Verbena tumbles over the porch. The front door blue, a white bell in the centre like some magic blind eye.

Samuel Beckett's Dublin birthplace is for sale. Built at the turn of the century by Beckett's quantity surveyor father, the house, Cooldrinagh, sits on a corner in Foxrock, one of the Irish capital's more affluent suburbs.

There is little that is comfortable about Beckett's writing. It is bleak and cold. Its comedy is tragic, its laughter lonely. "Beckett has scoured human experience and presented a statement of existence, stripped of pretence and affection, that is vibrant and compelling, even if, at times, it may seem repugnant in its honesty," says John O'Brien in *The Beckett Country: Samuel Beckett's Ireland*.

Cooldrinagh comes as a shock. It is full of middle-class comforts. Suburban light illuminates the room where Beckett was born, described in his book *Company*.

"You first saw the light in the room you most likely were conceived in. The big bow window looked west to the mountains. Mainly west. For being how it looked also a little south and a little north. Necessarily. A little south to more mountain and a little north to foothill and plain."

As if reacting against Beckett's sparseness and minimalism, the house is packed with stuffed cushions and hanging baskets. Dolls and doyleys. Coffee table books. Flowered wallpaper and chintz. Drapes and dried flowers. Plates on walls and brightly polished taps. The table is perfectly laid, wine resting in its cradle. Cooldrinagh is immaculate.

There is a swimming pool and tennis court. The spot by the stairs where the writer is supposed to have carved his name has been varnished over. Perhaps Beckett's ghost is around the back, peering into the dustbins like Godot or in contemplation of a pile of earth for *Happy Days*.

Beckett's history is as perplexing as his writing. His birth certificate says he arrived in Foxrock on May 13 1906. However Beckett insisted he was born a month earlier - Friday April 13, Good Friday.

In *Company*, Beckett recalls his own birth. "You were born on an Easter Friday after long labour. Yes I remember. The sun had not long sunk behind the larches. Yes I remember."

Joyce, Dante, Samuel Johnson and Frank Beckett's only brother, died on April 13.

Beckett said his childhood was happy. He was especially close to his father, going on long jaunts with him into the nearby Wicklow hills. His father's sud-



Cooldrinagh, Samuel Beckett's Dublin birthplace: packed with stuffed cushions and hanging baskets

Beckett still lives here

Kieran Cooke reports on the sale of a playwright's home

den death had a profound impact.

The gentle world of Beckett's youth appears at times amid the bleakness of his writing. Moran's house in *Molloy* is Cooldrinagh, idyllic but threatening.

"None but tranquil sounds, the clicking of mallet and ball, a rake on pebbles, a distant lawn mower, the bell of my beloved church. And birds of course, blackbird and thrush, their song sadly dying, vanquished by the heat, and leaving dawn's high boughs for the bushes' gloom. Contentedly I inhaled the scent of my lemon verbena. In such surroundings slipped away my last moments of peace and happiness."

It is difficult to imagine that the creator of *Waiting for Godot* and *Endgame* did anything as mundane as play sports.

Yet in his youth Beckett was a gifted all rounder. He played cricket for Trinity (a high order batsman and a cunning spin bowler) and was described as

being "as blind as a bat but as brave as a lion" on the rugby field. He was also an accomplished golf and tennis player. Beckett had other interests: he played the piano and knew the words of most of Gilbert and Sullivan by heart.

Declan Kiberd, a lecturer in the English department at University College, Dublin, says that although the gentility of Beckett's youthful surroundings would appear to be at odds with the darkness of his writings, the Foxrock house was an important influence.

"It was a well-built home, of exact proportions. In his writing Beckett is obsessed with directions and exactitude."

"The house was also a bit of an oddity, neither Anglo nor Gaelic in culture, with no real identity. A terrifying search for self, for identity, is

another Beckett theme."

Beckett spent most of his years from the mid 1930s travelling abroad, much of the time in France. When war broke out during a visit back to Dublin in 1939, he returned to Paris and joined the resistance, preferring "France at war to Ireland neutral".

Yet Beckett never entirely turned his back on his birthplace. Settings and props are sparse in Beckett's work. However, Foxrock, Dublin and the Wicklow Hills are glimpsed through the darkness.

Beckett died in Paris in 1989 and is buried in Montparnasse cemetery. In Foxrock he still lives. A plaque on the side of Cooldrinagh proclaims the writer's birth. The date of his death remains blank.

Cooldrinagh is being auctioned by Lisneys of Dublin on Thursday. The guide price is £600,000.

Computer solace

Jean Miles finds comfort on the Internet

My daughter gave birth last October to a son with Down's Syndrome. I was with her when Oliver was born, and with her two hours later when she heard the diagnosis of Down's.

Her husband, meanwhile, was pacing Amsterdam airport, making a poor connection home to Edinburgh from Cairo. They are both in their early 30s. Oliver was their first child.

The first thing I did, that shell-shocked weekend, was turn to the Internet.

The Internet? One of the more solidly useful features of the Net are the "newsgroups", literally tens of thousands of them, in which people all over the world "talk" to each other about every subject under the sun. I knew before I started looking that there would be a Down's Syndrome group. There is - it is called bit.listserv.down-syn.

In an Internet newsgroup, anyone can "post" a message and anyone else can answer, either by posting a follow-up message for everyone to see, or by writing privately (by E-mail, of course) to the original writer. When you log on, your system will collect all the messages posted since the last time you were there. You can then log off and read them without further strain on the telephone bill.

Within the first few days, I posted a general message: did anyone know anything about bringing up a child with Down's Syndrome? No one did, but we got a lot of mail congratulating us on Oliver's birth, welcoming us to the group, and telling us where on the Internet we could find more information about Down's Syndrome.

In the event, it was of no use to us. Oliver turned out to have a heart defect and other surgical problems. All seemed to be going well after his first operation, but when he was two weeks old, he developed an infection. Other problems followed in rapid succession. All of his little life was spent in

intensive care. He died in early December, aged six weeks.

During Oliver's life, I became deeply attached to bit.listserv.down-syn. I still read the messages in the group and correspond with ghostly friends. Without looking particularly hard around the Internet, I have found groups concerned with diabetes, AIDS, arthritis, schizophrenia, muscular dystrophy, cystic fibrosis, obesity and skyness.

The Internet began about 25 years ago as an instrument of the US Department of Defence. Like Topsy, it just grew. In the last two or three years, of course, the whole world has joined in.

Remarkably, there are no serious problems of incompatibility. I can log on with my PC, you with your Macintosh.

Those who post messages in the Down's group are not just cheering each other up

Even more remarkably, no one runs the Internet. There is room out there for the military and the universities, pornographers and hobbyists, big business and mothers who need to remind their sons in Hong Kong to change their socks.

Among all the dross, though, serious work is being done. Bit.listserv.down-syn is a good example. I am sure there are others.

In the last 50 years, the life expectancy of people with Down's Syndrome has increased remarkably, in both senses of the phrase: people with Down's live longer, and the quality of their lives has improved dramatically.

They live longer because of advances in medicine. As many as 40 per cent of people with Down's Syndrome, for example, have heart defects, as Oliver did. He was never

strong enough for an operation but in many cases modern cardiac surgery can and does work wonders. The improvement in the quality of life is due in large part to energetic parents. The diagnosis of Down's, until recently, condemned many to an institutional life from infancy. Now, almost all Down's Syndrome children grow up in families.

People with Down's Syndrome have earned GCSEs, passed the driving test, written books. The present generation of children is very likely to take things further.

The people who post messages in the Down's Syndrome Net group, therefore, are not just cheering each other up. They are working out their children's future, and they have everything to play for.

Some of the children are severely handicapped, and some of the parents have days when they think they cannot take any more. The messages of comfort and support they receive from other members of the group are touching. Ill temper occasionally flares - abortion and unorthodox vitamin therapies are particularly tricky subjects.

This kind of quiet, low-key usefulness must be going on in many other corners of the Net. If you are at all familiar with these matters, you will know already how to search the list of newsgroups for a particular problem. If not, the easiest way to find out is probably to visit an Internet cafe.

Many cities have them now. Try Cyberia in the telephone directory, or make inquiries in a computer shop. The cafes have rows of computers connected to the Internet, which you can hire by the half-hour. Londoners will find a similar facility in the computer book section of Dillon's bookshop, off Tottenham Court Road.

The cafes vary in ambience, but however noisy and youthful they appear there will be someone who can help you find the newsgroup you want. ■ Jean Miles' E-mail address is jean@jeanmiles.demon.co.uk.3

HOW TO SPEND IT

The watch awaits its finest hour

Technology meets the unassuming timepiece, writes Lucia van der Post

It will not be long before those who buy a watch simply because they want to tell the time seem like strange, antiquated beings, failing to face the future, missing out on the brave new world. For the watch, small and unassuming though it may seem, has become one of the latest recipients of bright new technology.

These days, a watch can keep track of your appointments, warn you if you dive too deep, count a runner's lap times, do double duty as a ski lift pass or a pager, link up with your PC - all quite apart from telling the time. Most of us are used to the idea of watches that are rugged enough to withstand water and cold, that can act as a compass, altimeter or barometer. But for the watch, the future is only just beginning.

Lots of swanky new ideas are being tested at Swatch headquarters in Switzerland, where the Swatch Access, which can

be programmed to contain the details of a lift pass so you just flash your wrist at the ski lift gates, was developed.

It may not be long before watches can be programmed to do a whole raft of things - from doubling as a credit card or hotel room key to keeping a check on cholesterol, blood pressure and heart function and allowing the wearer to check on telephone messages at home or office.

For James Bond fans, much of this will be nothing new - Pierce Brosnan sported an Omega Seamaster which, fitted with a laser, came in handy at a crucial point. The standard version for the daring diver could just as easily save its owner's life - a helium escape valve will warn when levels of helium are rising too high.

For many of the rest of us, the range of watches is already bewildering - some of the most interesting are featured here - but, rest assured, there are more to come.

Beyond telling the time

DIVERS (main picture) For professional divers who, for mysterious reasons known only to divers, need (or like?) to keep detailed records of every dive, the Elyper Aqualand is the watch to have. From the minute it enters the water, it records everything about the dive that a diver needs to know - depth of dive (up to 80 metres in units of 10cm), length of time and water temperature, all of which can be seen on the watch face. For those who buy the interface and software, the details can be downloaded on to a PC - £245 without the interface, £295 with, from H. Samuel and Ernest Jones shops as well as from good diving shops. Stockist information from Citizen Watch 01734-890333.

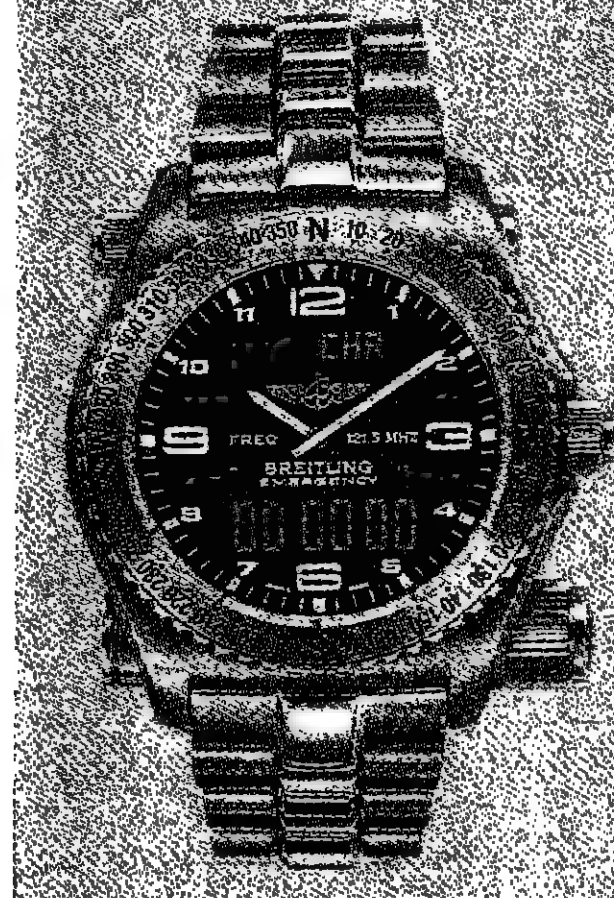
WITHIN REACH (top left) It seems only the other day that pagers were the latest thing. But today, the function has been repackaged into something infinitely smaller... a watch. Swatch the Beep is a wristwatch-cum-pager which looks as good as many a watch and functions as efficiently as a pager. It makes the pager a practical item in all sorts of new situations - lighter, harder to forget, an integral part of the daily wardrobe. When the caller rings the paging number, an operating service takes the message and beeps the owner. The relevant message then appears on the wristwatch display. Unlike a mobile phone, there is no need to deal with the message until you feel ready - £39.99 from Swatch Store, 313 Oxford



Street, London W1 and BT stockists. For further stockist information, tel 01703-237779.

ADVENTURERS (top right) The Breitling Emergency is

just the watch to give reassurance to climbers, lone adventurers, solitary sailors and the like. It sports a built-in transmitter so that, if you, say, break a leg or crash



your Gulfstream on a lonely peak, the international distress signal can be transmitted to any aeroplane that passes within a 400km radius. Ideal for pilots,

aircrews and those wishing to convince fellow Joseph addicts that they have another, more interesting life. Available from September at £3,395 from The Watch Gallery, 129 Fulham

Road, London SW10; Watches of Switzerland, 16 New Bond Street, London W1 and other Breitling stockists.

TRAVELLERS (bottom left) Timex's Data Link can store lists and times of appointments, phone numbers, lists, anniversaries and any other reminders you choose to download on to it. Information can be downloaded on to the Data Link software from any PC using Microsoft Windows 3.1 or higher and a CRT monitor. The information can also be downloaded from IBM compatible laptops if they are connected to a CRT monitor. So our very busy businessman about to set off for, say Tokyo, can file to his watch the relevant names, telephone numbers, appointments and everything else he might need for the trip.

It also has a number of other functions from five programmable alarms to an illuminated night light - £150 from House of Fraser Stores as well as computer retailers and electronic stores.

SKIERS (bottom right) Next year on the slopes, ski passes might well be a thing of the past. Anybody who has skied knows the problems of groping for your ski pass as you cope with your ski gloves and the pushy chap on the left who is trying to overtake you. Swatch Access could be the answer - a wristwatch that also acts as a ski pass. A chip for storing details of the wearer's ski pass and a "sensor ring" that emits an impulse to open the gate to lifts and cable cars means you need never have to do more than flash your wrist to get on a lift. You can get it programmed at the base station of resorts all over the Alps. Next year, it should function in the US as well - £29.50 from the Swatch Store, 313 Oxford Street, London W1.

Jackie O and the 60s revisited

Lucia van der Post looks back in time to find the latest knitwear

Images of Jackie Onassis and Grace Kelly still fill the pages of fashion journals, cinema and television screens.

So an Italian knitwear company has done the logical thing and recreated precise copies of some of its original 1950s and 1960s designs.

Avon Celli was, in its day, the Prada of the fashionable set. For writers, actors, actresses, and European royalty, Avon Celli was the name to conjure with.

As soon as the American travelling classes arrived in Italy, buying an Avon Celli sweater was as much part of the Grand Tour as seeing the Sistine Chapel.

The company has raided its archives and discovered the original designs for sweaters and polo shirts that were the favourites of some of its most famous customers - from Raquel Welch's skinny-rib cardigan and Picasso's simple cotton sweater to Ernest Hemingway's boat-necked cotton T-shirt and Grace Kelly's roll-neck jumper. Identical versions are once again being made and are on sale, each piece being named after a well-known individual who owned an original.

Connolly, a shop tucked away in Belgravia which mostly specialises in fine leathers, has bought four of the collection. All the designs are produced in limited numbers.

Men are well provided for with three different designs to choose from. There is a very fine (36 gauge) cotton, striped polo shirt in green, red, blue or black, much favoured by the Duke of Windsor, which costs £140. Then there is the boat-necked cotton striped T-shirt which was a favourite of Ernest Hemingway and comes in blue and white for £65. Picasso's slub cotton boat-necked sweater in red, cream and navy sells for £165.

For women there is an ivory roll-neck jumper made in extra fine cotton with an Aran-style stitch much loved by Grace Kelly, which sells for £250.

Whether Connolly will later bring over some of the other archive designs remains to be seen but for the moment a little bit of nostalgia - and some old-fashioned quality - can be bought in this little corner of Belgravia.

Connolly at 32 Grosvenor Crescent, London W1. Tel: 0171-235 9833. It is open from Monday to Saturday from 10am to 6pm.



Onassis (top) and Picasso: time to raid the knitwear archives

Science fiction made fact

Continued from Page 1

ners, however, is not the idea that the information would be destroyed, but that it could be subtly corrupted so that its user did not know it was inaccurate. Even computer scientists seem uncertain of how this might work, but the aim would be to create total confusion by making computers usable but unreliable.

Information warfare may help even the balance between first and third world nations in 21st century combat, but there is little doubt that most of the trends favour an increasing dominance by industrial powers over everyone else. Wars may be frighteningly expensive, but as the Gulf and even Bosnia eventually showed, the application of western military might is quickly decisive when applied, even against massed armies.

Western planners make much of the need to develop new military technologies to check the expansion of fundamentalist states which, they argue, are prepared to go to any lengths. The reality is likely to be the reverse, however, with the west increas-

ingly able to project its power against ideologies it dislikes.

One small vignette makes the point: there is little doubt that Colonel Gaddafi, the Libyan leader, used to sponsor international terrorism. But a decade ago the US raid on Libya put laser-guided bombs into Gaddafi's own tent, killing one of his children.

US intelligence officers are convinced that as a result he became acutely aware of his personal vulnerability, and Libyan support for terrorism has certainly waned.

Between developed nations possessing such technologies, however, there may well be an increased mutual deterrence, given the frightening losses one could inflict on the other just using conventional weapons.

Unfortunately, this Mexican stand-off would be terribly unstable, given that a rapid and massive first strike to blind and disable the enemy could well prove effective.

An unstable equilibrium was maintained throughout the cold war, partly because nuclear weapons are so unimaginably destructive. The new weapons may offer the

apparent surgical precision which could make their use politically acceptable.

Nor is it likely that the problem will be avoided by agreement not to pursue these technologies; history suggests that a weapon, once devised, is bound to enter the world's armories. If these new weapons follow the same pattern, politicians will have to get used to fighting wars at a lightning pace.

Such speed will cause a real problem for political control of warfare. Current techniques of diplomacy and defusing tension still owe more to the age of Palmerston and Bismarck than that of the information era, and may be ill-suited to a rapidly escalating future crisis.

Should old-style diplomacy fail, future politicians may be faced with the simple choice of caving in to their opponent's demands or unleashing their new high speed dogs of war without constraint: politicians may lose detailed control of military actions because there will not be time to dictate the pace of the escalating conflict. Political leaders will no longer have the luxury of hovering over an attack on this

bridge or that bunker, or even whether one type of weapon or another may be used at all. Nor will they have the opportunity of lulls in the fighting to put out peace feelers to a badly beaten enemy.

Wars, even limited regional wars, are likely to be rapidly and brutally prosecuted to their conclusion, with politicians prisoners of the logic that they must finish rapidly what they have started, or be defeated.

The long shadow of nuclear war and mutually assured destruction seems to have receded, yet a new philosophy of the control of warfare will be needed before long. What is perhaps most frightening about this danger of losing political control is that the world's politicians seem content to ignore it.

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FASHION



Two-piece vest and maxi-skirt in cotton zig-zag, £280 for the two. From a selection at Browns, South Molton St, and Fortnum & Mason, Piccadilly

Space-dyed cotton knit long dress with train, £475. Stockists as before.

Cotton and linen open-vest, £255 for both pieces. Rainbow zig-zag viscose hipsters, £200. Stockists as before.

Space-dyed cotton knit stretch dress, £200. Stockists as before. Illustrations: Richard Gray

The way we were – and are again

Those were the days. Flares, kaftans, skimpy vest tops. Marion Hume revisits the 1970s wardrobe

To those who remember the 1970s, fashion's reversion to the decade that style (almost) forgot is scary.

Flares, tie-dye, kaftans and wedge shoes may be reappearing on the most avant-garde catwalks and clubs, but they have not a hope of appearing in most of our wardrobes. But the 1970s was not devoid of style. It was a time of great experimentation and, in fashion terms, of the rise of Milan as a fashion capital. And in Milan fans flocked to Missoni.

Fast-forward to summer 1996. It is 45 years since Tai and Rosita Missoni, the husband and wife team, founded a knitwear company in Gellarate, near Milan, that caught the attention of the fashionable in Paris, London, New York and beyond. Once again, fans are flocking to Missoni.

Some are young enough to be wearing open-weave knit flares and skimpy chevroned vest tops for the first time. Others have seen Missoni come and go and come again and are happy to welcome back a friend.

In the 1970s, fashion journalists were fulsome in their praise for Missoni's art and craft. "It's what Chanel would be doing were she still alive," said Bernadine Morris in a 1971 edition of The New York Times. Morris is now retired. "Missoni is the reason for coming to Milan," Joan Juliet Buck told Women's Wear Daily, the fashion trade paper, in 1974. She is now editor of Paris Vogue. Missoni's zany knits were the thing to wear; in flares and tunics and cardigans trailing almost to the floor.

There was an exhibition at The Whitney in New York, the launch of a perfume (called simply, Missoni), and packaged in a chevron-

patterned box, and, for the pre-Filafax crowd, multi-coloured Missoni diaries were sent as prized Christmas presents.

But what was in fashion went out of fashion. For years Missoni diaries could stretch out at bi-annual fashion shows, which were not exactly packed to the gulleys. The Missoni fans, who had fallen in love with the combination of comfortable knitwear and colour were not about to give up their favourite label, and they did not. But fashion's fickle wheel had turned.

Such is its nature that it has now turned back. Gai Pearl Marshall has been the press officer for Missoni in the UK for 15 years. Before that she worked for the company in Milan.

"Now, fashion stylists from the hip magazines are ringing me up. They have just 'discovered' it," she says. Missoni knits have been the subject of a spread in the ultra-hip

men's magazine, Arena. Marshall is thrilled. The last time Missoni was this hot was the early 1960s. Then it caused something of a scandal because the knitwear was shockingly semi-sheer under the harsh catwalk lights.

Marshall stresses, as do Rosita and Tai Missoni, that nothing has really changed. The designs have been tweaked a little, with US Vogue, the fashion magazine, having given advice on how to move the line forward a fraction to make it absolutely modern.

This tweaking has made sure the knits, in the muted colours of autumn leaves or the summer-bright mixes of yellow, green, hot pink and orange, are in the right shapes for the moment. But the tunics, the flares that are attracting a new young market today have in fact been in the line all the time. The Missoni favourite inspira-

tions in knit – Africa, India, geometric patterns, graphic black and white patterns, flowers, stripes and eye-catching zig-zags – remain the same.

Often, when fashion labels return to prominence after a time in the wilderness, those with originals should be warned against wearing them in public again.

Such was the case with the gaudy and glorious Pucci print revival of 1992, when Elizabeth Taylor, a dedicated Pucci fan from the 1960s, was wise enough not to dig into the depths of her wardrobe.

Pucci's vintage prints looked best when they had been found, like treasure, in secondhand shops, by those too young ever to have heard that Marilyn Monroe hoped to be buried in a Pucci shirt.

Pucci's vibrant synthetic mini-dresses would have looked dreadful on anyone old enough to have kept

a piece from the past.

Happily, for those with adored old Missoni pieces in their wardrobes, the same is not true of multi-coloured knitwear (although perhaps you would be wise not to wiggle into those original knitwear flares). The reason, perhaps, is because Missoni has always been more about art than fashion and therefore somehow does not wither with age.

Anna Piaggi, an exuberantly dressed woman d'v'n certain age, a fashion editor with Italian Vogue and an early and on-going fan of Missoni, once compared the company's artisan approach to clothes to the Bloomsbury Group's approach to interior design. Her comparison remains true.

Missoni works again for those who loved it from before because it has a craft-based charm, determined first and foremost by colour and

texture (the tactile element is very important).

"We make clothes which can live together with their owners for years," Rosita Missoni has always insisted. Those who have kept them can now be thankful and, if they have teenage children, should tell them to keep their hands off.

Meanwhile, those in London who are discovering the line are heading to Browns in South Molton Street and Fortnum & Mason, Piccadilly (plus Matches of Wimbledon which stocks Missoni menswear) for strappy knit vests, maxi-skirts in multi-coloured chevrons, the skinniest sheaths and the most body-conscious dresses. Those intending to top up their existing Missoni collections without squeezing in to anything tight will be relieved to know that the floppy, fluid cardigans, and the loose bright sweaters remain, as ever, in the collection.

Nothing is sacred. In 1989, Nikos Apostolopoulos, a Greek swimwear and underwear designer, met his "appointment with destiny" and redesigned the jockstrap. In terms of global achievement, this may sound small. But it was a big moment for Nikos who claimed to have rehabilitated the single remaining item of intimate menswear that seemed fated to hang unused in locker rooms.

From this moment of apotheosis for the athletic support, it hit the fashion fast track.

The new jock-shock supposedly delivered a knockout to boxer shorts and stitched up

traditional Y-fronts.

Similarly, in 1983, Calvin Klein – already a successful fashion designer – took men's underwear and gave it a twist.

With characteristic solemnity, he announced that he had taken underwear "beyond the classic and predictable, giving it more meaning". The meaning – reinforced by homoerotic advertising and high fashion hype – was that men could reinvent themselves as sexy, and wear fly-front boxer shorts, briefs with broad, waist-flattering white elastic bands and subtly redesigned Y-fronts, again.

Enough men bought the

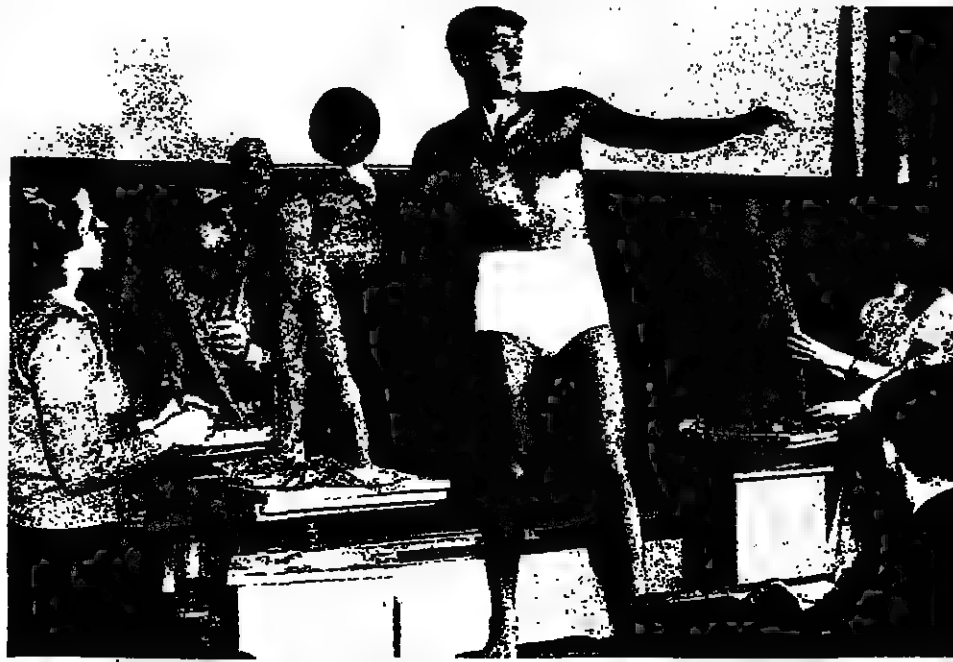
meaning and the product, to the tune of \$70m (\$68m) a year, to confirm Calvin Klein as a universal brand name.

Calvin Klein underwear was given bigger status when it implicitly associated underwear with sensuality. Gym-bult models looked as though they were experiencing a testosterone surge in their "meaningful" Calvin Klein Y-fronts.

This was a bold stroke: the Calvin "guy" had all the attitude that went with high cheekbones, a washboard stomach, hungry eyes and mannered hair. He was an athletic Apollo, a Nautlius-built Narcissus.

The theme was picked up by Levi to advertise its jeans. Young and hunky Nick Kamen stripped to his boxer shorts in the laundrette and stuffed his jeans into the Maytag. The prime-time commercials sold more than Levi 501s – there was a nationwide rush to buy cotton boxer shorts.

Designers are constantly on the lookout for new places to flaunt their labels. When Dolce & Gabbana put a model on the catwalk flashing a D&G label on the waistband of his underwear, the fashion industry got



Trunk call: Ronald Reagan poses for a 1940s life class

what it wanted – more exposure.

Designer-label shorts are big business. The biggest names now design underwear that has

become virtually indistinguishable from sportswear. Look out for Ralph Lauren's Polo range of ribbed cotton shorts and vests in athletic greys and

whites; Tommy Hilfinger's preppy boxers; Paul Smith's high-tone, low-key, high-cut V-neck vests; Hain's elegant, understated vest and shorts co-

ordinates; Versace's ritzy glitz; Helmut Lang's uncompromisingly skinny-boy, easy sleaze briefs.

Underwear now leads a double, even triple life: in the sexy, fashionable vests that look like sweatshirts and T-shirts, in the shorts that look like swimwear and sportswear, the modern man can sleep, hang out around the house and go to the gym in his multifunctional underwear, then put a suit on top and go to work. At night, to go dancing, he just takes the suit off again.

You get more clout for your buck these days with designer underwear. The big designers derive their ideas from authentic sportswear, adapting athletic images from the ski pistes, cycling arenas, track and field lanes, the rugby and football fields, the fencing sales and the boxing ring.

Form combines with function: with seams on the seat, underwear can trim and tighten the *derrière*. With wide elastic bands, underwear can control waist roll. With a thigh-high cut, underwear can hype the hips and eliminate that embarrassing problem of visible panty line.

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FOOD AND DRINK

Appetisers / Philippa Davenport

Loch Fyne to show off its finest

Loch Fyne's seventh sea food fair (held at Cairn-dow, at the head of the Scottish loch) looks set to be the best yet, extended this year to run over today and tomorrow.

It will offer a taste of the finest and freshest the west coast of Scotland has to offer in the way of oysters, lobsters, langoustines, velvet crabs, mussels, surf clams, razor fish, smoked salmon and other fishy treats. Wine and beer will flow and there will be sushi demonstrations, pipers, highland dancers, fire jugglers, jazz bands, puppet shows, and dancing into the night. For further information ring 01499-600217.

ASPARAGUS TIPS: The most stylish way to entertain lovers, family and friends this summer is with asparagus. As all foodies know, freshness is crucial to the

good eating quality of the lovely spears - but it is a sad fact of life that, because of central buying operations, most produce does not go on sale to the consumer until three days after harvesting. Dedicated gourmets and gourmands will therefore want to buy direct from a pick-your-own farm or a farm shop that sells own-grown asparagus, and then drive straight from the source to the door of the lucky recipient to hand over personally the impressively fresh-cut bunches of summer's best loved vegetable.

Recommended growers include:

Walsgrove Farm, Great Witley, Wores (tel: 01299-896272); Alder Carr Farm, nr Needham Market, Suffolk (01449-720820); Wharfedale Grange, Harewood, West Yorks (0113-288 6330); Michael Paske Farms of Bonington, nr Grantham, Lincs (01400-250449); Rectory Farm, Stanton St John, Oxon (01865-351214/667); Old Hall Farm, Attlebridge, Norfolk (01603-867317); Garden Farm, Peterston-super-Ely, Glamorgan (01446-760358); Sepham Farm, Shoreham, Kent (01599-522774); Darleigh Marsh Farm, Petersfield, Hants (01730-821625); Warrington

House Farm, nr Olney, Bucks (01234-711464).

If your ardour and greed are not matched by convenient proximity to both grower and the home of your loved one, you will find an angel of mercy in Mrs Colegrave of Wykham Park Farm, Banbury (01235-262049).

In addition to selling fine own-grown asparagus daily at her farm gate, she is happy to pack and dispatch 1kg bunches by first class post. Picked at 9am and at the post office by 11am, the delectable treat should reach its destination early next day - in plenty of time to

cook and serve for a celebration lunch.

ORGANIC UPDATE: The combined forces of SSE and the Guild of Food Writers' Vegetable Challenge have done much to stimulate increased awareness of, and interest in, organic farming and gardening.

To find out more about where and how to buy produce reared or grown to Soil Association organic standards, send a cheque for £3 to The Soil Association, 86 Colston Street, Bristol BS1 5BB, requesting a copy of the booklet that lists by

area the names, addresses and telephone numbers of members together with brief details of the produce and service each offers.

The fastest expanding area of organics is probably the "Veg Box Delivery Service". This is a scheme by which smallholders and others will deliver to the door on a regular basis (usually weekly) fresh locally grown seasonal vegetables (and sometimes fruit) within a given radius.

Both city centres and rural areas are covered. Terms and selections vary according to grower and organiser. Some are much more

imaginative in their choice, and more flexible, than others. Armed with the booklet, ring around members in your region and you may find you can enjoy most of the benefits of having your own productive vegetable garden without having to do the work.

SALAD DAYS. Spring has sprung at Waitrose, the UK supermarket chain, with the introduction of some excellent new herb and salad pillow packs. The Gourmet Salad and Watercress Salad each contain good-looking and tasty selections of leaves including rocket, mizuna, baby spinach, red oak leaf lettuce, red mustard, watercress, red kale and corn salad. Sorrel is at last available in 30g pouches - bigger would have been better but this is at least less messy than the tiny bouquets available previously.

Eating out / Nicholas Lander

A night in a room called Freixenet

An unusual line in sponsorship and some creative hotel financing has been behind the growing success of Winchester's Hotel du Vin.

The hotel, a 10-minute walk from Winchester station, is the brainchild and passion of Robin Hutson, formerly of Claridge's, the Berkeley and Cheltenham in the New Forest. Along with sommelier Gerard Basset, whom he met at Cheltenham, Hutson's passion for wine and good service has created an establishment very different in atmosphere from most English regional hotels.

Hutson and Basset persuaded 20 of their favourite wine producers to put up £100,000 of the total £1.5m cost of creating the Hotel du Vin via sponsored bedrooms and even, thanks to Screwpull, the corkscrew manufacturer, a sponsored cellar.

In return the sponsors get exposure and a special rate at the hotel for three years.

On a recent visit there my wife and I were taken past bedrooms named Geoff Merrill and Concho y Toro to a room named Freixenet after the Spanish sparkling wine producer.

The room included photos of the cava process and a framed letter from Jose Ferrer Sala, Freixenet's chairman and president, welcoming us.

Perversely we chose a half bottle of Pol Roger White Label (£16.05) to drink.

Wine memorabilia - labels, empty bottles, sculpted heads of Bacchus, corkscrews, posters and photographs - set the tone.

James Martin, the chef, may feel justifiably aggrieved at the amount of attention wine receives because there is no doubt that the generosity of the food deserves substantial credit too.

Martin has worked under chef Anthony Worrall-Thompson in London and has appreciated how flexible a bistro menu must be in terms of what it offers, charges and delivers.

It is, by today's standards,

long, with 26 first and main courses. The first 14 dishes, including salad of scallops, coriander and lemon oil or chargrilled asparagus and red peppers or *crustini* of goat's cheese with a mixed leaf salad, are on offer as either first or main courses.

I was interested in the tomato tart starter, a dish which traditionally takes some time to prepare to ensure the pastry is cooked through. In Martin's version the base is cooked through separately using a thin pastry dough, sliced and then topped with emmental and grain mustard.

Fresh herbs or salad leaves

Wine producers were persuaded to put up £100,000 in return for a special rate

are common to a number of dishes. With the tomato tart, a large dollop of rocket arrives sown in good oil. The tart arrived within minutes, as did our other starter of Italian roasted mozzarella wrapped in German Speck.

My main course, a lamb shank braised for 12 hours, with olive oil-mashed potatoes, flagolet beans and a pepper sauce, highlighted the disadvantage of having such a large menu in a busy bistro. It, and the vanilla ice cream which followed, lacked the intensity of flavour I was expecting. The final presentation of the dishes is slightly repetitious, too.

However, it was an enjoyable dinner and the pleasure of a keenly priced wine list meant that the following morning we were definitely suffering from the sin of gluttony.

Hotel du Vin & Bistro, 14 Southgate Street, Winchester SO23 9EF. Tel: 01963-841414, fax: 01963-843458. Open all week. Rooms £69-£99. Three-course dinner £25 per person. Wines from £2.60 per glass.

There are some truly impressive things about the South African way with wine. The first thing to impress was that hostesses on South African Airways actually serve wine. To Business Class passengers anyway: they pour you a tasting sample and show you the label while you sniff and slurp. This charmed me more than it did my hard-drinking neighbour who simply growled, "Get on and pour it, woman."

More substantially, there is the almost painful beauty of the Cape winelands and their unusual combination of three and a half centuries of viticultural tradition with an unpolluted natural environment.

There is also almost unlimited potential. For the moment there is very much more potential than reality. It would be unreasonable to expect wine producers who have been isolated from the rest of the world for a generation, and vine growers who have been carefully cocooned from market forces by an elaborate web of government subsidies and controls, to be producing world class wines only two years after the country's first free elections (when the Afrikaans-speaking Cape was the only region to return the National Party).

I tasted many good wines and one or two excellent ones during my recent visit but they were almost too random to flag up specific combinations of grape and place. The only generalisations I can manage are that the best white wines seemed to come from cooler areas, that Sauvignon Blanc was much more consistent than Chardonnay, and that Sauvignon seems truly, characterfully at home in both Elgin and Walker Bay.

Buitenverwachting's full-bodied, dry 1989 Reserve Rhine Riesling, grown on clay-rich slopes in cool, historic Constantia, was memorable enough to bring back. It knocked spots off a fine Alsace counterpart, Trimbach's 1990 Cuvée Frédéric Emile. But I was told that at Buitenverwachting's own restaurant, it is habitually sent back by customers complaining of its excess of true Riesling flavour. Such is the penalty of isolation.

A 1993 Merlot from Yonder Hill, a new, 25-acre Stellenbosch producer, was extremely impressive when tasted there in a blind line-up of 10 fine South African reds assembled by wine writer John Platter. Back in the UK, however, it betrayed the leanness which is still the besetting sin of too many South African reds.

This lack of flesh, often



South Africa's Western Cape: there is almost unlimited potential

Hitting the quality targets

Jancis Robinson finds out whether South Africa is already making fine wine

accompanied by uncomfortably high acidity and, sometimes, markedly unripe tannins, is frustrating. In some Cabernets it may be the result of old vines which are just too full of virus to ripen fully at all but in many other red wines it reflects unnecessary caution on the part of growers. Autumn rainfall, far from presenting an annual danger as in northern Europe, is luxuriously rare in the Cape. Yet by mid-March the South African vintage is virtually over.

The more traditional South African wine producers tend to dismiss reds which can offer some substance and charm in youth as mere "fruit juice". The idea that acid and tannin alone make a classic is still dangerously prevalent - but then real tasting experience of non South African wines is all

too rare. Perhaps it is significant that the award-winning Webbs of Thelema and their palates are relatively well travelled - and that Plaisir de Merle, thoughtfully made at Stellenbosch Farmers Winery showcase with a heavy helping hand from Paul Pontallier of Chateau Margaux, is one South African red with a very obvious future and present. If there is one thing that is understood by the Bordeaux first-growths, it is the importance of ripeness and racking (erecting the wine while transferring it from one barrel to another).

Haute Provence 1995 Cabernet Sauvignon, also in Franschoek, old Huguenot country, is promising, as are the first Merlots emerging from Vergelegen, the extravagantly ambitious showcase winery funded

by Anglo American, presumably eating up about 0.00001 per cent of that company's mining profits.

I have already written about the exciting potential for Pinotage, South Africa's own vine. Among attempts at the great Burgundian red grape Pinot Noir, Haute Cabrière 1994 stood out. Glen Carlou (now part of the same family as Hess in California) and Louisvale do a fine job with its white counterpart Chardonnay, and Hamilton Russell will, Platter's Ciel du Ciel is worth tracking down.

However, the Chardonnay I remember with most affection from a sea of somewhat vapid but politically correct mouthwashers, was the dramatically dense, spicy,

developed 1992 Meerlust, made only on an experimental basis (more frustration).

Meerlust was one of several wineries apparently engaged in an orgy of cooper, forest and toast analysis, oak barrels being the current fixation.

If South African wine producers follow the same evolutionary path as their California counterparts, some of them may not fully realise the importance of the vines themselves until the next century.

That said, perhaps the most dramatic improvements in wine quality have been as a direct result of planting better quality (and virus-free) clones of the classic grape varieties. In the old days of rigid controls and extremely strict quarantines, most decent plant material had to be, as they say, "creatively sourced", via

Swaziland and/or an uninspected suitcase.

In the long term, however, it is surely the lifting of another ban which will have the most beneficial effects. For the last few years it has at long last been possible, theoretically at least, to plant vines anywhere in South Africa, and not just on land already belonging to someone with a vine quota - no matter how unsuitable for fine wine.

Land prices are still relatively low in South Africa - as little as R9,000 for a hectare of unplanted land in a fashionable cool region - as witness the recent and continuing influx of foreign investment in its wine industry. There is no shortage of worthy recipients.

Next week - a look at South Africa's wine bargains.

Breakfasts / Giles MacDonogh

Oh dear, Germans in tracksuits



glossy cheese. Eggs are clearly overweight, yet they seem to dither hungrily before the *riesen Frühstücksbuffet* (giant breakfast sideboard) like so many wasps.

When they sit down to their piles of plastic squares and rectangles, the muted, muffled intonations of the breakfast conversations seem to dominate conversations in both Germany and France; then there are the recriminations about yesterday's performance at dinner or after. No, I would rather go to the café any day.

I have always believed that

In one Charlottenburg establishment a woman seemed to produce them from under her apron while I was not looking. I never caught her, and was therefore never able to prevent the egg landing, unwanted, in my cup.

Neighbours are not conducive to appetite. People in track suits, stinking from their early morning run, heap up their plates with mountains of packets like so many specimens and women. A proportion of them are already dramatically

the north Germans taught the Americans how to make coffee. Coffee is thin and disgusting in the north and only gets better as you move into the Roman Catholic south. It achieves quality only in Austria. Tea is best in north Germany. The middle classes of Bremen and Hamburg know far more about good tea than their English counterparts: this is the home of top flight Darjeelings and Assams, scarcely if ever seen on British shores.

These days in Berlin I have found the solution: I generally stay with friends. During the week I have coffee, out. Only on Sunday do I have a family breakfast with tea and home-made jams. In the cafés I order a *Savignier* (a little pot) of coffee, which arrives with its out-riders of "coffee cream". Mid-morning I sometimes call for a *Berliner* or doughnut. In south Germany, Austria and the Veneto (those are called *Krapfen*) and come with a more appetising filling. At carnival time in Austria it is generally apricots.

Austria is a step up from Germany when it comes to breakfast. Hotels are every bit as horrible, but if you are staying in Vienna or one of the big towns, you can go to the coffee house. The best coffee houses, such as Hawelka, Sperl or Elies

in Vienna, act as extended drawing rooms where you meet your friends over (yes) coffee, beer, or even a glass of wine.

So far as coffee is concerned, the system is complicated: a black coffee or espresso is called a *Mokka*, although no one seems to believe you will drink it black, and a little jug of milk and a glass of water comes too. A *Braune* has a little milk in it; a *Melange* is half and half. An *Einspänner* is served in a tall glass with whipped cream. More baroque creations come with liqueurs, making them unsuitable for breakfast. I suppose mention should be made of the *Kaiser Melange*: a blend of coffee and egg yolks favoured by one of the emperors. I have never been persuaded to try it.

One breakfast is insufficient for the Austrian. At the very

least they *jausen*, or stop for a mid-morning snack of bread and cheese, ham or a sausage from a stall or *Wurstelstand*. When a Viennese second breakfast takes on its most elaborate, baroque form, it is a *Gabelfrühstück* or "fork breakfast".

The Viennese poet Joseph Weinheber gave a pretty good impression of how elaborate it could be in his poem *Der Phake* or the Hackney Cabby: "For fork breakfast, my favourite cheer. Some boiled beef and a pint of beer. Some goulash I can wolf at will, (or steaming tripe my guts will fill). Or a juicy stew, but not too fat. Else, round noon, I begin to fret."

Weinheber's cabby liked to leave some room for lunch. Such creatures must be exceptional now, even in Vienna. For most of us that is lunch: surely the best breakfast of all.

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TRAVEL

An idyllic corner of Potsdam

Giles MacDonogh feels the weight of history during his stay at Schloss Cecilienhof

If it was not for the cool Nordic beauty of the lake-side setting you might imagine yourself outside the residence of a rich Edwardian banker or stockbroker in Surrey. This, however, is Potsdam; and that house once belonged to the man the Germans called "Little Willie", the Kaiser's eldest son, Crown Prince Wilhelm of Prussia and Germany.

The peaceful, if mammoth, air of the Crown Prince's residence ill-prepares you for the stormy historical significance of the place. Europe has few hotels like this: not only did the Prussian royal family live here, but this was also the scene of the Potsdam Conference of July 1945, where they drafted that apology for a peace treaty which had to serve until 1990, when the real one was written, after the long years of cold war.

The stockbroker's Tudor appearance of the palace is no accident. Before the first world war broke out, the Crown Prince passed for an Anglo-

phile, as the books in his library testify: about half are in English, volumes of sport, hunting and the matters military.

The Prince's architect, Paul Schulze-Naumburg, was clearly happy working in an idiom fashionable at the time. The influential architect and writer Hermann Muthesius had returned to Berlin from England full of Norman Shaw and the Arts and Crafts school. That was all very well in 1913, when the designs were finished, but then came the war and posters imploring God to punish England. Building began in 1915, and the house was inhabited only late in 1917, when the Prince was away at the front.

The final touches were only added in December 1918, after the Kaiser's abdication and flight to Holland. The Crown Prince did not see his finished 176-room mansion until November 9 1923, when he returned from internment on the now reclaimed island of Wierungen off the Dutch coast.

The house had been left in the hands of its dedicatee, his wife, Cecilie (Cilly) of Mecklenburg-Schwerin. The Crown Prince had done his bit for Germany and given his six children, but his eyes had long since wandered. One of the guides to the historic rooms told me that they still get visits from old women who seem to possess a more intimate knowledge of the interior than they do.

Once inflation was brought under control the new Schloss saw its grandest days. Reactionary Potsdam nobles schemed to restore the monarchy at the dinner table and, for the grand balls, food was sent down from the Adlon or Esplanade hotels in Berlin and Barnabas von Gercy conducted his famous band.

The Crown Prince had his own agenda. He wanted the throne, and, to the fury of his father in Holland, he was prepared to contest the presidential elections to get it. His ambitions led him to seek an

understanding with Hitler.

Cilly was not impressed. After Hitler visited the Cecilienhof on the "Potsdam Day" - March 29 1933 - she is said to have shouted: "Open all the doors and windows. It stinks here!"

Neither Willy nor Cilly was on hand to greet the Russians when they arrived in April 1945. Three months later Marshal Shukov selected it for the Potsdam Conference. It was the one undamaged building which could offer the required 36 rooms for the offices of the three delegations.

The plenipotentiaries rooms were colour-coded: blue for Truman, pink for Churchill and white for Stalin. You may visit these rooms, but as an American researcher pointed out to me, the tour has mixed up Truman's study with Churchill's. Stalin camped in Cilly's library with his copies of racialist writers such as Houston Stewart Chamberlain and Gobineau. The big round table in the hall was brought in from Russia. The three plenipoten-

tiaries' chairs were topped with angels. My guide was not slow to point up the irony.

When the conference wound up that summer, the Cecilienhof was put back to sleep. In the 1960s it opened its doors as a hotel for guests of the state and high-up *Parteilaboranten*. Payment for the rooms was limited to western currencies. Only downstairs in the restaurant could coachloads from other socialist countries settle up in DDR-Marks.

In 1980 it was decided that the hotel rooms were not up to international standard and the place was closed until 1985, while luxury rooms and suites were brought out of the old cubby-holes. The Cecilienhof remained in the hands of the old tourist board until 1984 when it was bought by Wolfgang Haensch. Haensch could not alter the structure of the rooms, but he threw out all the furniture, replacing it by giraffe fittings which hardly suit the mood of the place.

When I first visited the Cecilienhof, the restaurant offered



At the Cecilienhof in 1945. Front row, from left: Attlee (Churchill's successor), Truman and Stalin

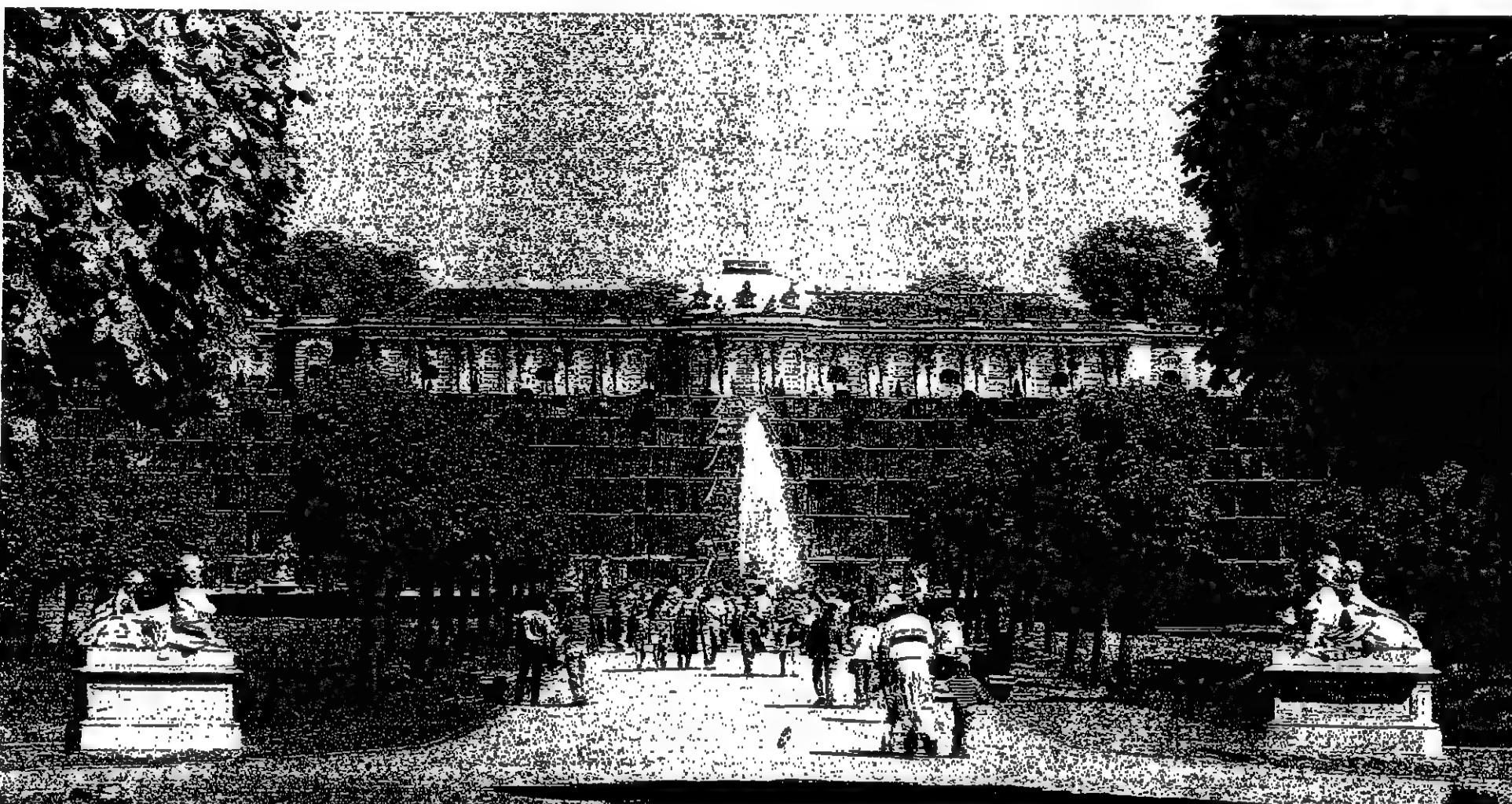
menus from which one might experience a typical meal from the time of the Conference, as eaten by one of the three statesmen who ruled Europe's destiny at the time.

It was nonsense of course. They ate in their villas in Babelsberg, not in the Cecilienhof. There are plans to rein-

roduce historic menus, but from the Crown Prince's time, rather than Stalin's. In the meantime the chef, Markus Semmler, is decent enough. I ate a slightly under-flavoured zander sausage with a purée of seven herbs and a piece of Angus fillet with *pommes dauphinoises* and *Speckbohn*

(green beans with bacon). I asked if the beef was Scottish. "Oh no, sir, it comes from Argentina!" I do not think he can have recognised my English accent.

■ Schloss Cecilienhof. Tel: 00 49-(0)331 3705 0. Prices from DM165 (single), DM280 (double).



A glimpse of Frederick's Potsdam Sanssouci, his summer palace

Remains of Prussia's Versailles

Giles MacDonogh muses over what is left of the nerve centre of the former monarchy

On April 14 1945, Allied aircraft destroyed the centre of Potsdam. In their wake they left 1,800 corpses strewn among the rubble of the baroque town.

The royal heart also ceased to beat, for Potsdam was the nerve centre of the Prussian monarchy. Most of the noble Potsdamers had wisely fled at the approach of the Red Army. They had set out both the Weimar Republic and the Third Reich, hoping against hope for a return of the monarchy. Now they realised the cause was lost.

Once the dust settled, the ruling SED proceeded to redecorate Potsdam by a series of explosions. In spite of a report which advocated restoration, bang went the ruins of the Stadtschloss in 1960. The repairable remains of the Garrison Church, the holy shrine of Prussianism, went in 1968.

In 1974 it was the turn of the partly ruined Heiligegeistkirche. The pretty canals were covered over and the gaps were filled with windy municipal gardens, or the characteristic, stained concrete *Plattenbauten*; canvases for spray-paint vandals, which sun up the drabness of eastern Germany to this day.

The Stadtschloss had been Potsdam's *raison d'être*. It was built by Frederick the Great's great-grandfather in his desire to establish a Prussian Versailles away from Berlin. Part of the site was used to construct a stumpy skyscraper which was occupied by an unlovely hotel. The destruction of the two churches destroyed Potsdam's baroque skyline which had remained much the same since Frederick's father's time.

For anyone crossing the Havel over the Lange Brücke today, the first glimpse of Potsdam can be a depressing prospect. Once you get beyond the modern accretions on the far side of the bridge, however, you realise that quite a lot of the town withstood the destructive zeal of the Allies

and the East Germans. There are whole tracts which Frederick himself might recognise of the place he did so much to design and beautify.

There is the whole of the Holländische Viertel, where, as the name implies, the houses look Dutch. The more modest ones were built during the reign of Frederick's austere father, the Soldier-King, the rest by Frederick himself. In the former "Neustadt" there are large areas of building from Frederick's time. Frederick occasionally turned his hand to design, insisting on the slightly kitsch *putti* which invariably adorn the structures.

The prettiest space left in central Potsdam is the Neuer Markt, which only partly dates from Frederick's time. The stables were put up just after his death in 1786. In the past few

months the Neuer Markt has gained a further asset: it now sports Potsdam's first good restaurant for a couple of generations: Die Waage (0331 270 967 5), is housed in the old weigh house, which explains the name.

In the Kienstrasse (the *Kiez* was where the Slavic fishermen had their houses) there is a good street from Frederick's time. Just before the Breite Strasse is the Froehkassen, a pub-restaurant which served as a meeting place for the aristocratic officers of Infantry Regiment 9 who were involved in the July Plot to kill Hitler.

Many of them were

descended from officers who had fought in Frederick's wars. They were tortured and beheaded by the coup failed. You can drink to their memory with a glass of local Potsdam Rex beer, which comes in a glass emblazoned with a portrait of Old Fritz.

Of course the best place to catch a glimpse of Frederick's Potsdam is up at Sanssouci, the summer palace he built on the summit of the old south-facing vineyard. A new vineyard was then laid out further east, on the other side of the road. In 1981 I got through a gap in the wall to look at the shattered glass casements under which the grapes were grown.

The present entrance to the park lies beyond a *Schneidhais* or snack bar where it seems that everything on offer is made from horsemeat: sausages of various forms, and meatballs. It is an odd choice. Frederick was fond of horses, but not, I think, to eat. He is famous for his laconic quip on being informed that a trooper had sodomised his horse: "Transfer the pig to the infantry!"

Sanssouci was Frederick's attempt to find relaxation and diversion after the Silesian Wars. The peaceful vocation of the little rococo palace is clear from the decoration: among the *putti*, musical instruments, vines, fruit and molluscs, the only allusion to war comes in the domed Spießkammer where there are a few breastplates and swords.

Frederick's own bedroom had to be redecorated by the neo-classical architect Erdmannsdorff after the king's death, as his greyhounds had entirely fouled the room. The best room now is the Konzerzimmer, where the king performed his compositions for flute. The ceiling shows the same greyhounds, sagely pursuing hares.

Frederick wanted Sanssouci to be so compact that there would be room only for his own circle. There were four guest rooms including the



Frederick the Great occasionally turned his hand to design

so-called *Voltaire* room decorated with flowers and life-like birds and monkeys. Voltaire had his own apartment in the Stadtschloss and it is unlikely he ever stayed here.

With time, even the increasingly misanthropic king felt more guest rooms were

required and in 1771 he had the orangery turned into the Neue Kammer. What is remarkable in the decoration of these rooms is the blatant eroticism of it all. The notoriously frigid king not only surrounded himself with flirtatious scenes by Watteau and Lancret, but had these lurid encounters from Ovid over his walls.

Even with the Neue Kammer at his disposal there was a rigorous selection of just who might approach the king's person at Sanssouci. For the rest there was the Neues Palais, which was a little under 3km away. It is vast in contrast to Sanssouci and has an untold magnificence about it, for all its gold and marble. It is telling that it should have appealed to a later generation of Hohenzollerns who had no feelings for the Prussian virtue of stoic austerity. Kaiser Frederick died here in 1888 and was succeeded by his son, Germany's last emperor, William.

It was monomaniac William

who installed the central heating, water closets, baths-cum-showers and the lift, but he failed to breathe life into the huge barracks of a building.

Since 1990 there has been occasional talk of rebuilding some of the missing monuments of Potsdam. A Venetian architect has won a competition to reconstruct the Heiligegeist church, but instead of the graceful baroque spire we are to get a silly modern pastiche. A replica of the vanished Stadtschloss seems justifiable when the Brandenburg government is talking of spending huge sums on a new Lanttag or regional assembly on the Havel: central Potsdam lacks a focus. There is a rumour that they might be prepared to re-erect the spire of the Garrison Church.

If that were to happen then we might really begin to get the feel of Frederick the Great's residence, once so pitilessly sacrificed on the altar of political correctness.

Complicated capital

On a snowy Tuesday in early spring, Kiev's car market is not doing a roaring trade. Huddled over his collection of Lada spares, Andrei, a skinny 28-year-old in fur hat and skintight cotton jacket, launches into Kiev's favourite phrase - against the weather, the government and the state of the economy.

Six months ago, Andrei taught chemistry at a local school. Like most of the traders here, he has gone into private business through necessity rather than choice. School teachers earn the equivalent of \$26 a month - not enough to live on, even in Ukraine.

"Our economy has collapsed and education isn't being properly financed," says Andrei. "If you don't have your own business, you're a loser."

It was in 1991 that Kiev became capital of the new independent state, Ukraine. Not surprisingly, the infant Ukraine has had some difficulty digesting its ancient capital, 1,000 years older than itself. Everywhere, there are reminders of a non-Ukrainian past.

The city's landmark buildings - the Santa Sofia cathedral, Lavra monastery and Marinsky Palace - are respectively Kievan Russian, Tatar and Polish built. The Andriivsky church, a gorgeous Baroque confection, was designed by the Italian court architect Rastrelli, who is said to have conducted the entire project by post, never even visiting Kiev to see the church completed.

As with architecture, so with language. Kiev's best-known writer, Bulgakov, who mythologised the city in his civil war novel *The White Guard*, wrote in Russian, not Ukrainian. Although his house does merit a small museum, nationalists loathe him for his depiction of the Ukrainian patriot army as a Jew-teaching peasant rabble.

Although at least a working knowledge of Ukrainian is becoming *de rigueur* among the professional classes, most Kievans are of mixed Russian-Ukrainian parentage, and still speak Russian as their first

language. Just as Kiev has failed to shake off its Russian-ness, it still retains a strong Communist whiff. At one end of Khreshchatik, the High Stalinist main street, a pink marble Lenin statue exerts a hand to a billboard advertising the government's fledgling privatisation programme. The pretty cobbled street, lined with merchant's houses, still calls itself *Karl's Marx*.

Although the city has its fair share of sleazy *nouveaux riches*, crime rates are still relatively low. On summer evenings, couples promenade, ice-creams in hand, around the pink-lit fountain on what used to be October Revolution, and is now Independence Square.

Female fashions - burgundy lip-liner, chunky handbags, and elaborate hair - are pure 1960s.

In striking contrast to Moscow, now packed with glossy western-style outlets, Kiev shops are still mostly state-owned. Shabby signs optimistically announce "Bread", "Milk" or "Fruit and vegetables".

Kievans who want to buy something go instead to the private "bazzars", housed, like the car market, on odd patches of suburban waste ground. Chaotic, dirty, crowded with tiny round women in flowered headscarves and felt boots, these have changed little since the 19th century, apart from an audacious array of pirated western brands.

Back at the car market, Andrei introduces us to a friend. "This is Viktor - but he's drunk. Gold teeth, flashing, bobble hat wearing, Viktor launches into an all too familiar poem: "Find me a wife, I'll really love her! I'm a man of the church, a man of God just help me emigrate from this awful country."

Viktor's prospects are bad. It emerges that he has spent eight years in jail for what he says was careless driving. "I was in Kiev in 1983 when we heard that Brezhnev had died. Everyone danced. We thought everything would change. But in fact, everything has become 10 times more complicated."

Anna Reid

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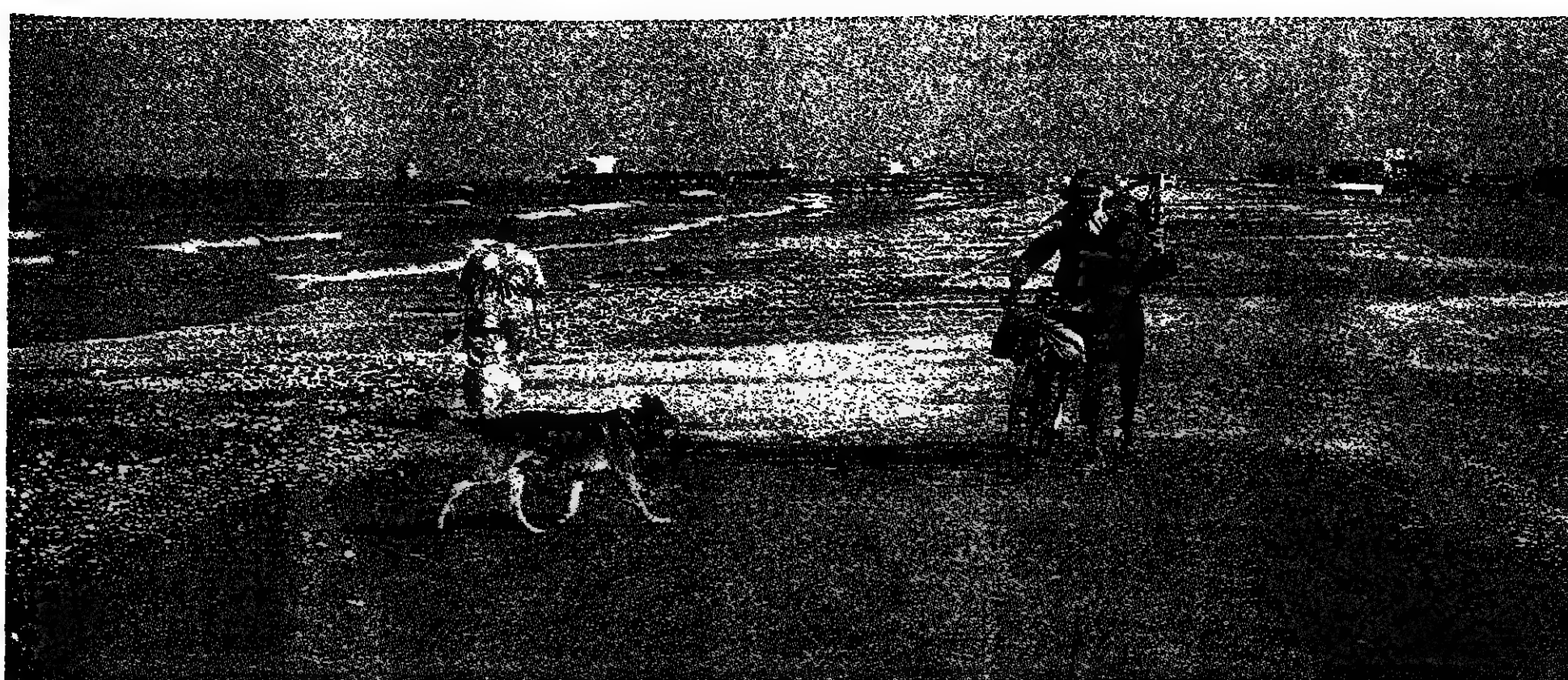
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TRAVEL



Port Said: has less of the bombastic feel than the other towns along the Suez Canal

A walk through Port Said

Jack Barker finds an unspoilt centre of culture as he explores Egypt's fourth largest city

Any foreigner wandering around Egypt looking reasonably approachable is likely to meet at least one Mohammed a day. In Port Said, I met mine at a funeral.

He was British, he assured me in a hybrid language that had a strong Welsh accent. That was about the last thing I understood for some time. He produced a dog-eared British passport to back up his claim, and I accepted the offer of tea in his chicken shop.

Crates of live chickens were stacked on the pavement. But they were not all he sold. Towards the back, 30 or 30 rabbits flopped around the white-tiled floor, too frightened to make a break for freedom through the crowds of black-veiled housewives who saw them as brunch not Bher.

The bunnies were much too slow. I kept my eye on one

tabby rabbit, who sniffed at my feet in an endearing way. Suddenly he was spotted by a hawk-nosed woman across the scales.

My new friend was scooped up, weighed and priced while dressed and full, before being killed and bled in correct Halal style. Mohammed stripped off the skin as if he was peeling off someone's wetsuit, and the rabbit moved out of my life in a carrier bag.

A small boy bought a glass of black tea on a tin tray, while I watched a bulk order of chickens go through the plucking machine.

My next cup of tea was in the rather calmer air-conditioned comfort of a licensed restaurant. "We come here for the shopping," I was told by the two vastly overweight British women, expatriate wives in Egypt, between mouthfuls.

"Do you feel like another

take?" "Yes, let's." It is this sort of tourist, rather than the package travellers with Baedekers, who make it to Port Said.

Shopping is one good reason to visit: Port Said, at the Mediterranean end of the Suez Canal, is a tax-free zone. It is not the only one in Egypt - the harbour at Alexandria and the airport at Cairo are others - but as free status applies to the whole town it is certainly the largest.

But it is more than this. Although it is a cosmopolitan port, linked to the world by centuries of trade yet linked to mainland Egypt only by a thin but growing strip of salt, Port Said is one of the most unspoiled centres of Egyptian culture. Whereas Ismailia and Suez were close enough to the Sinai peninsula to be flattened by the Israelis, Port Said, just out of range, preserved its high wooden houses, with banks of

verandahs protected by carved wooden harem-screens in the town centre.

At the time of the Israeli occupation of the Sinai most of Port Said was evacuated, but it has less of the bombastic feel than the other towns along the Canal.

The economic disruption caused by war means that the town is only now climbing out of a long recession, which saved it from much of the cheap concrete housing estates that signify progress elsewhere in Egypt. There is much less stress on foreigners there and no hustling Nile carriage-drivers. Saidis are used to Egyptian tourists out shopping rather than western visitors looking for mummies.

True, visitors geared up for a cultural trip around dusty antiquities may find themselves at a loss. There is a museum, but I missed it. There is too much to see at street

level. It is Egypt's fourth largest city, but without the crowds of Cairo or the sophistication of Alexandria. The bustling trading streets are full of horses and carts, and the competing chants of Port Said minarets make one of Egypt's most beautiful prayer concerts five times a day.

Among its tourist attractions, Port Said includes a beach. The broad stretch of sand is made gravely by a thick layer of ground seashells that have blown across the Mediterranean.

In season it is crowded with bathers, although women swim fully dressed. Off-season, only a few fishermen and an occasional jogger use the beach, although even the winter temperatures in Port Said would have the British peeling off their shirts.

Birdwatchers can see flocks of flamingoes and pelicans on nearby Lake Manzala, which is

actually more of a swamp than a lake. I did none of these things. I walked around the town.

Bursts of the Koran led me to a memorial service, which had succeeded in clearing a section of road in the market. This was something teams of police failed to achieve every day. In the space, scaffolding, lights and drapes made an impressive marquee.

Even the fishy road surface was covered in carpet. Row upon row of pious old men sat in tiers of seats, while outside, crowds of onlookers gathered. At a small desk, the imam - an old man with leather skin outlining his bones - sang the Koran in long melodic bursts, breaking every few lines for meditation and recovery. The heavily amplified sound rose above the babble of commerce, unearthy and spiritual. Egypt is not all locked in ancient tombs.

Very English good taste

The balcony of the Juliet suite gave a fine westerly view on to the 300-acre park. As the sun began its descent there was a muffled drum-roll of hoofs and a racehorse went careering across the scene, its jockey hunched up like a Moslem at prayer.

Riding, they say, is just a matter of balance.

That night, from a four-poster bed as high and firm as a starlet's bust, my eye fell on a pair of prints showing over-dressed cavaliers prancing on overmused horses. *Variatio ad dextram* read one inscription; *crupina ad parietis sinistram* said the other. Dressage, like so much in life, is a piece of cake when you know how.

These equine intrusions into a quiet weekend at a country house hotel served as a palpitating reminder that I had undertaken the following morning, to break a 20-year-old vow never to mount a horse again. The vow was the natural result of being pitched over a hedge and on to a road by a skittish Lancashire filly.

Next morning, nevertheless, I found myself atop Conker. He was a solid bay cob of 15.3 hands who (I was charmed to discover) belonged to the local rector's wife. Further reassurance came from Richard Mills, the riding stable manager, as he conducted his prisoner to the mounting block. There were soothing words, too, from Jenny who was to ride ahead on Walton Houdini, a magnificent grey of 16.3 hands.

Mills was for many years Prince Charles's groom at nearby Highgrove. Now he manages the private stables of Lucknam Park, a converted 18th century country house at Colerne, six miles from Bath.

Lucknam Park is the sort of place where you can still find wooden coat-hangers in the wardrobe and they trust you not to steal them. Not only does it pass the coat-hanger test, but its staff have mastered the fine art of being ever attentive without actually getting in the way.

There are nearly 100 full-timers employed in a hotel of only 31 bedrooms and 11

suites: plumping up cushions, raking the gravel, tending the walled garden, running trays to rooms, or waiting at table in the bow-fronted dining room where the cuisine is certainly *haute*, if tending towards the *minceur*.

Riding is the best way to see Lucknam's park and estate, but is not the only activity on offer. There are tennis courts on the western side, and clay pigeon shooting, golf and fishing can be arranged. For indoor types there is a swimming pool with bar, sauna, solarium, gym and snooker room and a beauty parlour which caters to both sexes.

Entries in the visitors' book of the Juliet suite show that the hotel attracts customers from the US, Japan and continental Europe. It is popular with couples celebrating anniversaries, with parents taking a break from their children and with newly-weds and nearly-weds, the latter identifiable from mock complaints about creaky bedsprings.

Many are repeat visitors, like Toshi Hayashi of Tokyo who wrote: "This is my fifth visit of the Bath and third staying at the Hotel Meehl."

The public and private rooms are profusely decorated in "good English taste"; the textured reproduction Gainsboroughs or Reynolds set off the fine drawing room, chumps of obscure old books in the library, chosen more for their covers than their contents, and swags everywhere.

Lucknam is approached by a fine beech avenue, and it was down this that Conker finally came at an ambling trot to conclude our ride through woods and pasture. As I slid from his neck to fall on jellied legs I felt rehabilitated, required.

Was Conker combed? I doubt it.

Lucknam Park, Colerne, Wiltshire, SN14 8AZ. Tel: 01285 749777; fax 749536. Rates per room: single £180 or £150, double £170 or £150, suites £340-£550. Leisure breaks two to seven nights at special rates. Riding £35 an hour; children £20.

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For further information please contact Emma Lloyd on 0171 973 3218 or Dominique Mosley on 0171 873 3576 or fax 0171 973 3038

السنة ١٤١٧

Glorious, unchanged Devon

There are no speedy routes between north and south Devon, which is just as well. Time should be given over to Dartmoor, which sits like a sinister giant, a wonderful sight from a distance as the sun sweeps over its brown wastelands but to be penetrated only by the bold. Dartmoor is the dark other side to a picturesque county.

The small towns, especially Tavistock and Tiverton, with their interesting churches and restful airs, must be visited. Devon was too remote to attract house building magnates but Saitram House near Plymouth, also featured in *Sense and Sensibility*, is a bizarre mix of Palladian and Tudor, and Buckland Abbey, bought by Drake with his piratical profits, has a wonderful location, even if its mementoes of the great man are relatively few and frequently out on loan.

Devon needs visitors and visitors need short breaks in Devon to recover their faith in the immutability of the English countryside. There are black spots, but much of the coastline has been saved, and the interior of the county is a countryman's delight. Motorways now take you at least to the doorstep: enter and enjoy.



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OUTDOORS

Gardening

Out of the gloom and into the limelight

Robin Lane Fox finds much to praise in the extraordinary displays at Chelsea

The cold spring weather had beautifully refrigerated the flowers in English gardens, but it was sure to cause problems for exhibitors at this week's Chelsea Show. No other show in the world puts on such variety and display, but growers elsewhere in Europe do not have to cope with such eccentric weather.

The problem is not so much the heat, which can be varied artificially, it is the absent sunlight.

The set pieces from the main breeders of border and florists' flowers had a real struggle. Even the best of the lupines were not open to their tips, while other exhibitors had to make last-minute choices about their flowering alliums and half-hardy plants for adventurous bedding.

The star of the show was staged by the Alpine Garden Society in partnership with the Edinburgh Botanic Gardens. The theme was hardy small plants from China which add much to serious gardens.

Those who say that Chelsea is predictable should remember the range of first-time triumphs which appeared on this exhibit. Scarlet-red Meconopsis is not a routine plant for exhibitors and I doubt if Chelsea has previously seen the superb green-yellow effect of the desirable wild rhubarb *Rheum alexandriae*.

This plant has stalked my gardening life, but I only manage to flower it every two or three years, even after discovering that it likes the wet conditions which it is now known to prefer in the wild.

It was one of dozens of rare Chinese beauties which were triumphantly assembled from these two non-commercial sources. Many of them would be easy garden plants for those of you with an acid soil. The rest of us should congratulate the organisers for the unique arrangement which they had assembled from so many sources.

Exhibits with such horizons help to advance public ideas of what is available. A high proportion of the plants had been raised from seed collected by the Society on recent visits to China, allowing us a fascinating glimpse of plant-hunting in progress.

Cold spring weather does not deter alpine and smaller plants. They had an excellent showing everywhere and my second award would go to those fine Lincolnshire growers, Potterton and Martin, who produced a specimen of the pink paeony *Cambessedesii*, perfect in its short-lived flowers and grey and bronze flushed leaf.

I also admired the variegated *Hacquetia* and other well-chosen varieties on the stand of Chelsea newcomers, d'Arcy and Everest from Huntingdon, Cambridgeshire. They were the outstanding recruit to this year's ranks of exhibiting nurseries.

Perhaps alpine scare you, although they are often so easy and distinctive. If so, you probably feel at home with the dreaded *Buzia* which is appearing by the thousand in packs for hasty window-boxes.

The size of flower and colour become more artificial every year, but I suspend my disbelief in the family now that I have seen the small-flowered variety, *Impatiens pseudoviolae* in white and a new pink variation. It has great charm and every virtue for a pot outdoors, although it is not hardy.

Brian Hiley has dug it out from near-oblivion and had two wonderful plants on show, along with his big-leaved grey beauty, a variation on the well-known *Senecio* which the botanists have renamed *Brachyglottis*. All these plants will be back again on his stand at the Hampton Court Show from July 9, where you can buy them on the spot.

At Chelsea, you could consider buying almost anything, from old clay flower pots at £1 or more each



First time at Chelsea: Medwyn Williams of R.M. and G.V. Williams, vegetable seed specialists, of Llanfairpwllgwyngyll, Anglesey, with his display

Trevor Humphries

to a large parasol, admittedly with a triple brass fitting, which would set you back £880 from Indian Ocean. 155 Balham Hill, London SW12. If you wanted to throw money down against the wind and sunshine. Traditionally-woven willow hurdles from Somerset now start at £44 each if you want these rustic alternatives to the dreaded fencing-panel.

My real awakening among the sundries has come belatedly in the greenhouse section. For years, I have been one of the thousands who detest those aluminium or red cedar houses which the makers force on every man, as if all gardens had to look like the worst of suburbia.

At last, the aluminium frames are being offered with a paint-coating of dark green which civilises them for any setting. I think this recent innovation is a real godsend. It means that you can have a visually tolerable working greenhouse without the

sky-high price of a "conservatory" with frills. I am pleased to admit that the best lookers at the show were the Varsity line, manufactured by Cambridge Glasshouse Ltd, Barton Road, Comberton, Cambridge.

What, as always, about the carefully designed gardens? One or two can now be found inside the tent which strikes me as a good innovation. A site under cover restrains some of the promotional lunacy.

I was much struck by a small, pretty combination shown by Webb's which included decidedly unusual varieties with the minimum of fuss and self-congratulation. Perhaps you already grow *Nemesis Cometti*, a pleasantly pale honeysuckle called Anna Fletcher and the variegated form of *Cistus Graywood Pink*.

They took me by surprise, on the rebound from the city council shockers and those rather depress-

ing exhibits which keep turning up from South Africa, even in these more optimistic times.

The Kirstenbosch Gardens have such a high reputation and a wonderful collection that I wish they would show us something other than yet more proteas, bits of debris and dead wood.

Outdoors, there were eight Gold Medals, but it was lucky that I was not a judge. There was a pleasant swing to Wyevale's attempt at a Caribbean garden and, for once, an ethnic theme did not prove to be a silly disaster.

Their main plants had a firmness of outline and a brightness of leaf which justified the exercise, but it would not have been difficult to remove the plain ferns, standard ivy and implausible ornamental rhubarb which were totally at odds with the West Indian publicity.

Likewise, I was not the only visi-

tor to appreciate the Japanese garden house in this year's main stab at a Japanese garden, but it is a shame when these highly expensive ventures send themselves up at the level of planting. I cannot recall a serious Japanese garden which uses that beastly black apology for sedge-grass, *Ophiopogon*.

It is lucky that no-one will ever ask me to issue guidelines for exhibitors outdoors at Chelsea. I would warn them that groups of *Rhododendron Pink Pearl* would be an instant minus on any judging system, along with almost anything which looked like tattered black grass.

These outdoor show gardens are very difficult. Inside the tent, Carol Klein pulled off a pale-coloured cottage garden which really lived up to its simple title. As always, Mark Rumary on the Notcutts main exhibit could have taught most of

the outdoor designers how to arrange plants and colours.

Cartier and Queen to present what they described as the "spirit of Sissinghurst". Fascinatingly, that great garden's style had not even breathed a hint of its magic in its direction. Little plants of the evergreen *choisya* had been jammed together in the parks style of today's chopped bark planting.

The jumble of colours missed the tones of Sissinghurst itself and the result, in broad daylight, was a travesty. As a show garden, this expensive experiment may have had a certain merit, but it was not born from the example which it invoked. Some things simply do not transplant to flower shows; I need hardly add that the RHS judges rounded off the performance by giving it a Gold Medal and the Award for the Best Garden at the show.

Motoring / Stuart Marshall

A go-faster car for grown-ups

Motoring's codpieces and virility symbols have never done much for me. You know the kind of thing. Plastic air dams like small snowploughs, drooping vulnerably below the front bumper. Side skirts under the door sills, reducing the gap between body and road. Aerodynamic spoilers the size of coffee tables at the back end. And, of course, the obligatory ultra-low profile tyres, twice as wide or more in cross-section as they are deep.

Racing saloon cars need these ugly aids to minimise aerodynamic drag and exert downward pressure for increased cornering grip. But why have them on road-going cars? Mainly to massage egos, unless you intend driving at speeds that could put you behind bars in any country except Germany, where parts of the autobahn are still de-restricted.

A really gigantic rear spoiler has now and again proved useful to me for standing plates of food on at point-to-point meetings. And I have

found that small airflow modifiers high at the back of square-ended estate cars can reduce the amount of road flit stuck up behind on wet motorways.

But for the most part, these exhibitionistic add-ons have as little practical value as bull bars on tarmac-bound four-wheel drives, although - unlike bull bars - they do not put other people's lives in danger.

You will have deduced my lack of enthusiasm for go-faster versions of normal production cars. For me, leaping away from traffic lights and cornering outrageously quickly is irrelevant and distasteful.

I dislike loss of refinement from power-booster engines; resent having to put up with the harder ride from firm-up suspension; and find

road roar made by ultra-low profile tyres disturbs my radio listening. When I sample various versions of a new model, I confess it is often the cheapest, least powerful and narrowest tyre that appeals most.

So, when Mercedes-Benz UK asked me to try its E36 saloon, a lowered and more muscular development of the E-Class (a car I truly covet) my feelings were mixed.

It would, of course, be interesting - but would it be enjoyable? I need not have worried: this was a go-faster car for grown-ups. Its aerodynamic aids were so discreet that, larger diameter wheels and ultra-wide tyres apart, it did not look all that much different from a standard E-Class.

The body colour was half way between aubergine and the dark red

wines of Cahors. It had automatic transmission, soft leather seats and air conditioning. Everything - even the steering wheel adjustment - was power operated and the boot easily swallowed two sets of golf clubs in trolleys.

An E36 costs, give or take a pound or two, £54,000, on top of which you still have to buy your own radio. That makes an E36 about £15,000 dearer than an off-the-peg, air conditioned, E320.

The AMG tuning company, which is producing two or three right-hand drive E36s for Mercedes-Benz UK each week, enlarges the straight-six engine from 3.2 litres to 3.6 litres. Output goes up from 220 to 272 horsepower and torque (pulling power) by nearly 20 per cent. Mercedes-Benz UK says 100km/

62mph can be reached from a standing start in 6.7 seconds and that the top speed (limited electronically) is 250km/155mph. I believe it.

Much more to the point, take off is as silk-smooth as it is swift. And overtaking is instant, with the speedometer needle moving disconcertingly quickly into licence-losing territory.

On German-standard surfaces, the ride is miraculously good, considering that the alloy wheel rims are separated from the road by only 21mm (50mm) of expensive Dunlop 40 series rubber.

Steering response is sharp, though not nervously so. While I had the car the roads were dry. Power-booster engines, ultra-wide tyres and heavy downpours can be an unhappy combination, but the



The Mercedes-Benz E36: who needs the extra power?

E36 has a sophisticated traction control system to keep wheelspin at bay.

Fuel consumption can be surprisingly moderate. Without pussy-footing, I covered more than 400 miles (645km) before re-filling the tank, representing 26mpg (10.8l/100km).

A normal E320 is no slouch. It has a 0-100km/0-62mph time of 7.5 seconds and a maximum of 232kph/144mph. So who needs to pay

another £15,000 for more performance from what is already a seriously fast car?

I once put this question to Burkhard Bovensiepen, presiding genius of Alpina, which does the sort of things to BMW cars that AMG does to Mercedes-Benz. He pondered for a few seconds and replied: the appetite grows with the eating.

There is, I suppose, no answer to that.

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SPORT

Sailing

Lured out of retirement to break a record

Keith Wheatley asks Tracey Edwards about her return on deck

B oats do not come much bigger or tougher than Enza. Sailors are seldom as small and dogged as Tracey Edwards.

An attempt to beat the round-the-world record in the catamaran has proved bait enough to lure the skipper out of landlocked retirement on a Welsh farm.

To an extent her inland purdah was self-imposed. Misfortune also played a role. Six years ago *Maiden*, Edwards' yacht, sailed up Southampton Water to a tumultuous reception.

Fifty thousand turned out to cheer home the first all-female crew to compete in the gruelling Whitbread Round the World race.

Her cheerful, elfin features grinned out of newspapers and magazines. Edwards was wanted on every chat show. The "book of the voyage" topped the bestseller list. Yet there was a dark side to the sudden celebrity.

"There was an element of the media that wasn't interested in what we had achieved," recalled Edwards wryly. "Their agenda turned out to be my divorce and trying to find out if any of the crew would portray me as Captain Bligh."

Almost as soon as the yacht docked, she had married her pre-race fiancé. It was a mistake and they quickly parted. Edwards' house was sold to pay bills incurred during the eight-month race.

"I was emotionally and physically wiped out when the Whitbread finished," she said, managing to smile. "And although I had done the race for myself, not fame and fortune, it seemed odd to be such a celebrity and virtually penniless."

Edwards retreated to a small village near Swansea where she had spent her childhood and embarked on a plan to breed horses.

Within weeks a horse had kicked her in the base of the spine and she was in hospital for a series of operations. Then came six months on crutches and a relationship with physiotherapists and chiropractors

that continues to this day. So why risk going back to sea, on a yacht so brutally powerful that it outpaces motorboats?

"I've surprised myself," she grinned. "I spent practically my whole 30s doing two Whitbread races [Edwards went to sea as cook in the 1985-6 Whitbread aboard *Atlantic Privateer*] and just thought there must be something else, and there is. But once I was fit enough to sail again I just got itchy feet and then this came along."

Eighteen months ago Sir Robin Knox-Johnston and Sir Peter Blake,

Helming Enza at night is like driving in the rain at top speed, then turning off the lights and heading across a ploughed field

yachting's knights, collaborated to see if they could win the Jules Verne trophy, to be awarded for a non-stop circumnavigation in under 80 days. Enza was their chosen vehicle. At 30 metres long she became the fastest ocean-going sailing vessel ever built.

In the outward leg of the journey Enza had some of the most exciting sailing one can imagine. In the first 16 days after leaving Brest she averaged 408 miles a day, meaning, in practice, well over 20 knots for most of the time.

David Alan-Williams, a crew member, offers the landlubber a telling parallel of helming Enza at high speed during darkness: "Drive down the nearest motorway at night, when it is raining hard, with the car at maximum speed," he advised. "Turn off the headlights and turn sharp left across the nearest ploughed field."

Sailors still need luck. Around Cape Horn, the fair weather for Enza ran out. She was hove-to in the middle of a storm for nearly two days. Blake described it as the worst seas he had seen in 500,000 miles and 20 years of ocean-racing.

"In the Drake Passage off Tierra del Fuego we had 60ft seas on the beam and all we could do was sit there and roll. It's not too good for record-breaking," he observed.

Blake also suffered serious internal injuries when he was thrown across the cabin when Enza dived into the back of a wave at 28 knots and came to an instant standstill. Edwards said: "I know it doesn't sound too clever for someone with a bad back but the doctors say I'll be fine. And I can't tell you how exciting it is to sail on this thing." She has bought the multihull with the help of private backers and is now raising sponsorship for a record attempt early next year.

"The current record is 74 days but Peter and Robin both said they believed they could have done it at least three days faster in the same boat if they hadn't had extreme bad luck with the weather coming back up through the Atlantic."

Once more the crew will be all-female. At least one *Maiden* alumni has signed on but others have ties.

"I phoned around my old crew and there are just so many babies around," said Edwards, now happily re-married to a computer specialist with no great interest in sailing.

"One said she could probably sort out her toddler for a quick 70-day trip. It was the child she was expecting that was the problem." But word has spread around the yachting grapevine and not a day passes without faxes from would-be crew.

Money still has to be raised. Enza delivered from Florida to Britain, and a thousand details finalised. Very little of this bothers a petite Welsh woman. Seven years ago she defied a million sceptics who said women lacked the skill or stamina to race around the world.



Enza setting a new world record and, inset, Tracey Edwards

Main picture: Allport, Portland; PA

Tennis / John Barrett

Why I always salute the Musketeers

They stand there in the Place des Mousquetaires, frozen in life-like action, proud guardians of another age. Every year during the French Open I make my pilgrimage to that historic quarter of the Stade Roland Garros to pay my respects to four old friends.

Jean Borotra, the bounding Basque, his thumb down the back of the handle, is in the act of punching a winning backhand volley; Henri Cochet, the gliding genius with gossamer touch, is about to deliver one of his trademark drop shots; Jacques "Toto" Brugnon, doubles player extraordinaire, is hitting one of those teasing little returns; and Monsieur le Crocodile, eyes sharply focused, is in the act of hitting his millionth passing shot. It will surely land on the line. They always did.

Only the crocodile lives on to contemplate the past. But René Lacoste, former champion and multi-millionaire businessman, is more concerned with the

welfare of the clothing company that bears his name than with worries about the welfare of the modern game.

When I spoke to him last year he was careful not to condemn today's muscular gladiators who grunt their way through matches, flailing away with ferocious topspin as if they hated the sight of the ball. "They would have made life very difficult for us," he said. "You see, we used to enjoy the battles of the mind as we tried to outmanoeuvre our opponents, but they like hitting quick winners. And it is very successful, n'est pas?"

But not as much fun to watch, he might have added. Lacoste was referring to the power problem that threatens to overwhelm the sport by

making it a one dimensional slugfest that lacks the subtlety and beauty that once delighted spectators. Remember rallies?

Ironically, 30 years ago, Lacoste himself was the start of the problem. I well remember my surprise the first time I used one of those strange small-headed steel rackets that Lacoste had invented. The speed of the strings was astonishing and the thin frame moved through the air effortlessly.

It was not a pretty racket. Two thin steel tubes, welded together, formed the frame. A steel wire was wound around the head to serve as a means of attaching the strings. The racket always had a sort of home-made look. Sold under licence by Wilson of America

as the T2000, the strange looking weapon enjoyed a short period of popularity.

It also gained notoriety among professionals for being fiendishly difficult to use. If you hit the ball off centre, the torque would twist the frame sideways and deflect the ball from its intended path. In the hands of Jimmy Connors, who had grown up with it, the T2000 became Lethal Weapon One.

In 1974, in two of the shortest finals on record at Wimbledon and US Open, the 22-year-old American destroyed the ageing Australian Ken Rosewall for the loss of a miserly eight games. No one recognised the danger. Instead of restricting the manufacture of rackets to wood, the International Tennis

Federation was busy itself with another danger. At about that time some ingenious inventor had designed a stringing system that put tremendous spin on the ball. The double string "spaghetti" rackets, with two sets of heavily knotted strings, one each side of the frame, altered the nature of the game.

What should be done? In the 100-year history of tennis the Rules had never said anything about the racket. You could have played the game with a frying pan if you so wished. That was because a wooden frame had to be between 12 and 15 ounces in weight and 27in long to be both wieldable and strong enough not to warp. When in 1980 the ITF introduced a rule to outlaw the spa-

ghetti racket, it did not see far enough ahead to realise how important it was to preserve wood.

Manufacturers, striving to find a sales advantage have since used space-age technology to develop light, wide-bodied 29in frames with large heads that are Lethal Weapon Four. None of the top men use them. The rackets are simply too powerful and lack control. But I have seen some of today's top juniors using them. It is a terrifying sight.

So who will take advantage of the new technology to win this year's French Open which begins in Paris next week? Thomas Muster, the 1995 men's winner, will be an overwhelming favourite to win again. Let us hope that one of the younger men - such as the Chilean

player since Björn Borg and has won 17 tournaments in the last 18 months.

On the face of it, Muster has little to fear from the world No.1 Pete Sampras who lost his first match in Dusseldorf this week to Bobdan Ulihrach, the modestly ranked Czech. Two former French Open champions, Jim Courier and Sergi Bruguera, are also out of form.

Courier lost to Argentine youngster Herman Gumeny in Rome and Bruguera fell in the first round to Kraljick and saw his ranking sink to 28. Boris Becker has withdrawn suffering from a leg injury and Andre Agassi has had so little match play that he must be in danger of losing early. Let us hope that one of the younger men - such as the Chilean

left-hander Marcelo Rios or Alberto Costa of Spain - takes his chance to establish a real presence.

The women's event looks equally shaky. The holder, Steffi Graf, lost to 15-year-old Martina Hingis in Rome two weeks ago and only just beat 54th ranked Karina Haboudova last week in the Berlin final.

This week in Madrid Monica Seles had to save five match points against Barbara Schett of Austria. It was Seles' first match since February when she injured her left shoulder losing to Iva Majoli in Tokyo. Of the top women only Conchita Martinez of Spain, the winner in Rome, seemed to be in form. Then this week she lost unexpectedly to Ludmila Richterova in Madrid. Her compatriot, Arantxa Sanchez Vicario, had lost in Rome to Irena Spirlea of Romania. Perhaps Hingis will give us all a pleasant surprise by becoming the youngest ever champion. The Musketeers would like that.

The Peak.

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BOOKS

Slaughter in the name of peace

Anthony Storr on the history of the Taiping rebellion

Before reading this fascinating book, the little I knew about the Taiping rebellion was taken from two sources. The first was Lytton Strachey's essay on General Gordon in *Eminent Victorians*. Gordon, at the age of 30, was called in to command the "Ever Victorious Army" which finally put an end to the rebellion in 1864 and became known as "Chinese Gordon" thereafter. My other source was *Flashman and the Dragon*. George MacDonald Fraser's notes prove him to be accurate and well-informed.

The Taiping rebellion was initiated by Hong Xiuquan, who was born to a peasant family living in the country north of Canton. Having recurrently failed the Confucian state examinations which might have opened the way to a career in the civil service, Hong contracted a life-threatening illness accompanied by delirium and such disturbed behaviour that his family prevented him from leaving the house in case he ran amok.

Typhus fever can cause such symptoms, but there are many other possibilities. During this illness he had what he called a dream consisting of hallucinatory visions in which he went to war on behalf of his heavenly father, who told him that he must change his name to Hong Xiuquan. *Quan* means "completeness".

Hong concluded that it was his duty to judge the world,

protect the virtuous and slaughter the demons, a belief which was reinforced by his reading a set of nine tracts expounding Christian doctrine written by Liang Afa, a Chinese evangelist who worked for the London Missionary Society. Hong became convinced that he himself was the younger brother of Jesus.

Although Spence does not mention it, this story of a period of mental illness followed by a new revelation is typical of gurus. From Bhagwan Rajneesh to David Koresh. Armed with his grandiose delusion, Hong began to seek disciples. Although prophets appear to be dogmatically sure that they are right, they seem to need disciples to reinforce their beliefs, as if they were plagued by underlying doubts. In April 1849 Hong left home with three followers to begin his mission. Within a few months, he converted more than 100 people to his peculiar version of Christianity.

Taiping means "Great Peace", and was a millennialist,

apocalyptic faith affirming that there would be a final battle between good and evil which would be succeeded by the establishment of perfect peace and prosperity; a Heavenly Kingdom on earth. Spence has drawn on Norman Cohn's splendid book, *Cosmos, Chaos, and the World to Come* (Yale, 1983), which traces the origin

GOD'S CHINESE SON
by Jonathan Spence
HarperCollins £20, 400 pages

of such beliefs. The Taiping movement became ascetic and severe. Hong issued his own extended version of the Ten Commandments. Since the establishment of the Heavenly Kingdom was imminent, sexual indulgence was deemed unnecessary, except for Hong himself. Men and women were separated, and fearsome punishments were inflicted on transgressors. Smoking opium and theft were punished by a beating of a thousand blows prior to public execution.

By 1850, the martial character of the movement became evident. Hong had started to slay the demons as a preliminary to ruling the world. The followers, who had already been making weapons in secret, began to buy gunpowder in bulk. In September 1851, the Taipings conquered their first city, Yongan, north-west of Canton. By the end of March 1853 the important city of Nanjing (Nanking) fell to them and became the Heavenly Capital of Hong, the Heavenly King. It remained the Taiping base for 11 years. Hong himself withdrew from active command, busying himself with rewriting the Christian scriptures. Naturally enough, one of his subsidiary "Kings", Yang Xiuqing, tried to supplant him. Disputes between rivals led to Yang's execution, and the annihilation of his family and followers. Hitler's purge of Ernst Rohm and his Stormtrooper lieutenants is a modern equivalent.

Nanjing is within striking distance of Shanghai, which

was already home to a variety of western commercial interests. Naturally, disruption of profitable trading could not be allowed, and the Taiping attempt to take Shanghai in 1860 was foiled. The British and French demanded that the Taipings keep well clear of the city. A foreign mercenary defence force evolved into the Ever-Victorious Army, which was finally led by Captain Charles Gordon.

Meanwhile, Hong continued to study the Bible and the Bible and, like David Koresh and other millennialist prophets, gave special attention to the Book of Revelation and the Seven Seals. On June 1, 1864, Hong finally died at the age of 30. The nature of the illness which killed him cannot be established. The Taipings, who had occupied a huge area of Northern China and who had caused more than 20 million deaths, were finally defeated by the end of 1864.

This is an enthralling piece of history, presented with both erudition and verve. I have only two criticisms. First, I found Spence's relentless use of the historical present rather tedious. Second, although he gives a detailed account of Hong's peculiar beliefs and his rewriting of scripture, he treats him as an isolated figure. In fact, Hong's story closely resembles that of other millennialist prophets, although it might be difficult to find another who was responsible for so much slaughter.

Fiction

Great tobacco scam

John Grisham is one of the towering twins of that American literary phenomenon of the past decade - the "legal thriller". "The World's Most Popular Author" declares the jacket of his new one, *The Runaway Jury*, and it cannot be denied that the worldwide sales of titles like *The Firm*, *The Pelican Brief*, *The Client*, and so on, beggar belief.

Let us try to ignore all this and settle down with *The Runaway Jury* without prejudice, attempting to pretend that Grisham is new to us. What do we find?

He has the best-seller writer's gift of picking out intensely topical subjects, as witnesses here the most recent developments in the long courtroom struggle between the giant American tobacco companies and the lobbyists who accuse them of knowingly spreading addiction and cancer.

The scene is set in Biloxi, on the Gulf coast of Mississippi, where a widow is to sue for the death of her husband, a 30-year-old three-pack-a-day man. The "Big Four" companies, operating together in a secret and massively-funded alliance called "The Group", have never lost a case. But, as the plaintiff's lawyer knows, "Win the first one, then sit back and wait for the stampede..." no

legal product in the history of the world, every character tells us, has killed as many people as the cigarette.

So Grisham, with his usual heavy reliance on his own professional background, assembles his cast: teams of lawyers, jury consultants (whose dramatically un-British role we have recently been watching on BBC's *Murder One*), handwriting experts, financial analysts, medical researchers, and various hoods and villains. But most of the important action takes place in the jury room or in the hotel in which the jurors

THE RUNAWAY JURY
by John Grisham
Century £16.99, 401 pages

have to be sequestered. Grisham's theme is the manipulation - the sale - of a jury verdict. In which the tab will come to \$10m.

It is a set-up, and a clever one. Nicholas Easter and his girlfriend Marlee have a plan to convince "The Group" that they can deliver the verdict the companies need. The detail, as always, is ingenious and often convincing (though I cannot believe that *The Group* would have been so open to a double-cross). The world we are shown is cynical, amoral. As Marlee says, "It'll work

because all the players are corrupt. You're corrupt. Your clients are corrupt. My partner and I are corrupt. Corrupt but smart..."

In the end we discover why Easter and Marlee are committed - which comes as no surprise - and they are seen to redeem their dirty deeds by giving back the \$10m. Hmm.

No-one can really think that Grisham is a great writer (Scott Turow deserves a higher reputation in the genre). Beneath the careful mustering and mastering of surface detail and beyond the ingenuity of the plot, there is little of interest. Most of the important characters - who ought to be the jury men and women - remain cyphers, because Grisham does not have the novelist's skills required to create a group of interacting individuals whose various humanity is convincing and memorable (the film and now the play of *Twelve Angry Men* might provide a comment). As for the style - this book has as much to do with good writing as Burger King has to do with fine cuisine. Still, still! - *The Runaway Jury* is an easy page-turner for the plane or the beach. You will probably enjoy it more if you are a non-smoker.

J.D.F. Jones

The Maxwell faction

Among the many remarkable aspects of the late Robert Maxwell was his accent. He was the quintessential man from anywhere - or nowhere. That deep grumbling burr must have been that of a retired brigadier, or perhaps a wine merchant. Instead it was the perfectly assimilated tones of a Russian Jew.

Maxwell is the subject of Jeffrey Archer's new novel *The Fourth Estate* where he appears, thinly (for once) disguised as Dick Armstrong, a ruthless media tycoon in deadly rivalry with an equally unprincipled Australian newspaper mogul, Keith Townshend, a character not half an inch away from Rupert Murdoch. Although the very much alive Murdoch is the obvious hero over the litigious, but dead, Maxwell, what is most striking about this ponderous *roman à clef* are the similarities between Maxwell and Archer.

Both are remarkably insubstantial figures, socially prominent but with no apparent inner life. Archer writes as Maxwell spoke, in a robot-like mechanical word-speak, bereft of imaginative frills, employing a small vocabulary, totally without humour apart from well signalled, heavily promoted, ironies. Like Maxwell-speak, Archer-write gives the impression that it has been put together by an amazingly clever but totally programmed Martian. When computers write all the novels, *The*

Fourth Estate will be regarded as a seminal work.

If Jeffrey Archer has any attractive qualities, and he must be allowed at least one, it is a disarming naivety. Apparently he believes that he is the first person to write a novel which is just warmed-over history. Every plot development marks another batch of yellowing press cuttings.

Unfortunately this is a most superficial digest of the careers of Maxwell/Armstrong and

THE FOURTH ESTATE
by Jeffrey Archer
HarperCollins £16.99, 350 pages

Murdoch/Townshend, picking on the events that even the most casual reader of newspapers would have absorbed - Maxwell's bravery in the war; his ruthlessness to subordinate Murdoch's flirtation with labour politics at Oxford; his media ambitions in the US.

There is no probing beneath the accepted histories; no interesting new insights; no imaginative embroidery of the facts. This is a *Reader's Digest* run-down of press history which attempts to pretend that the rivalry between the Maxwell-owned Daily Mirror and the Murdoch-owned Sun was the most exciting media event of the last generation.

As with most famous men, the childhoods of both Maxwell and Murdoch were interesting, particularly that of Maxwell who bravely escaped the Holocaust and through sheer force

of will created his own history. For the first 100 or so pages there is a *Boy's Own* element to the plot which keeps you turning the pages. It then gets bogged down in the mechanics of takeovers among the Australian regional press, which must have limited appeal, and then a repeat scenario - this time involving the New York newspapers.

What is remarkable is what Archer leaves out. No mention of Maxwell/Armstrong the MP (but then Archer's own parliamentary career ended in disaster), nor of the Maxwell sons; more surprisingly, no coverage of Murdoch's outstanding success in developing new media, BSKYB and all that. In Archer's gloss Maxwell and Murdoch were little more than old-fashioned newspaper proprietors. This is the media viewed through its balance sheets, ignoring the exciting world of scope and scandals.

What makes *The Fourth Estate* a particular ordeal is the lack of any depth to the two protagonists. They are money-making machines, their personal lives barely sketched; their paths hardly crossing; Archer seems curiously reluctant to enter the boudoir. The UK's most popular novelist has concocted a bloodless, cut-and-paste, unadventurous tangle of the archives that turns the lives of two of the most awkward, irritating, unconventional men of the century into filleted, formulaic, fiction.

Antony Thorncroft

Political overtones

In *Kitchen Venom*, Philip Hensher's impressively stylish second novel, that Jacobean drama of 1989, the deposition of Margaret Thatcher, is relegated to subtext.

Centre stage, politics are baffling and contextless. The form of discourse is a parody of the high style of the House of Commons clerks, those court jesters who record the day's business and show disdain for their masters: "Are there any intelligent Members?" someone asks. "About four," is the answer.

The machine of history rolls on in the corner of the frame while the clerks bury their wives, dabble in recreational sex with rent boys, quiz each other on Trollope's novels, all the time talking in measures as tortuously labyrinthine as the catacombs of Westminster Palace itself.

There is the virgin Henry; fat gay Louis; unchained John and his idle, bohemian daughter Jane, who all drink from the same well of grief and loneliness. Their emotional experience is so generic that it is how they hide it which makes them distinguishable, evoking Oscar Wilde's dictum that only superficial people neglect surfaces.

When Hensher's characters ask each other over and over, "Why are you wearing what you are wearing?" they mean, "What is our life for?" In the absence of sense, style at least can be counted on: clothes are metaphors "for display and to hide." Only Jane tries to dig below the surface. But when she pierces Henry's thin hide she comes unstuck.

Kitchen Venom is written

with a formal elegance, in counterpoint to the chaos of the characters' motivations. Sentences of hypnotic narcissism also serve to expose the redundancy of political language. Nonetheless, politicians and their servants do have a symbiotic relationship: it is at the moment of the prime minister's being undone by her closest allies, that a clerk finally gives way to the murder in his heart.

One by one in the *Darkness* is an overtly political novel, in which a reunion of three sis-

KITCHEN VENOM
by Philip Hensher
Hamish Hamilton £16, 290 pages

ONE BY ONE IN THE DARKNESS
by Deirdre Madden
Faber and Faber £14, 181 pages

ters, Helen, Sally and Kate, in rural Northern Ireland is heavily underlined by their father's murder over a decade earlier. Foreground is overwhelmed by this background, by stories of childhood and the Troubles in the 1960s and '70s.

Madden details the effect that politics can have on ordinary lives. A nun gets into an altercation with a parent who tells her pupils to declare themselves as "Irish" on their UCCA forms rather than "British". Friendships between Protestants and Catholics are artificially terminated by fear. Even idyllic childhoods cannot survive sectarian violence. As with Hensher, politics here "attracts people of dubious merit... you need to have negative qualities."

Their lives are tailored around that singular act of violence. Kate has changed her name to Cate and edits a style magazine in London. Helen is a Belfast solicitor who works on terrorist cases. Sally teaches in the same Catholic school they attended as children. Relationships are off the agenda. Helen chooses a gay man as her confidant; Sally lives with their mother, Emily; Kate is pregnant with no partner, because "No matter how much she loved someone, she would inevitably find herself lying awake in the middle of the night, unable to avoid the thought that something was missing."

The flaw in an otherwise tender and sensitive novel is the way the past not so much highlights the present as overshadows it. Politics eclipse what might have been a dramatic engagement between these four women. Moreover, Madden tells us too much of what we already know. The politics of Northern Ireland is so familiar it is a mistaken assumption that the Troubles will automatically get the reader's sympathy - particularly since her perspective of the Troubles is a straight, third-hand account which offers no new wisdom.

Russell Celyr Jones

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Gentlemen sportsmen: a 19th century picture from Pryor Dodge's Illustrated History of the popular human-powered mode of transport, "The Bicycle" (Pamphlet £25, 214 pages)

Rereadings/Richard Eyre

Memories of war

I know there are people who read and reread novels with the regularity of the passing of the seasons; I married one, but even her hunger for *Pride and Prejudice* may have been assuaged by producing a TV series of the novel. There are no novels which I consume with such bulimic appetite, not even my *Desert Island Dickens*, *Our Mutual Friend*. The only book I return to consistently (and obsessively) is a book of social history: *The People's War* by Angus Calder.

It was published in 1965, and I bought it at Singapore Airport, when I was travelling in South East Asia. As I travelled through Vietnam, where the American presence sat on the country like Goya's colossus of Chaos, and through Cambodia, which had yet to learn the benefits of receiving the protection of the US, I was learning through *The People's War* about a far-away country of which I knew little: my own.

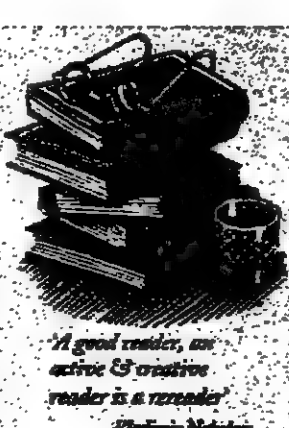
For me the title alone was an allure and a provocation: alluring if you had grown up reading little else but POW escape stories and spy sagas, and provocative if your education has been ballasted by the proprietary memoirs of generals, whose war was emphatically in the first person.

I was born during the war. To talk of "the war" nowadays is to define oneself as a child of

the 1940s as surely as printing one's birth certificate. It was "the war" that provided the basic grammar for my parents' lives. It was, literally and metaphorically, the time of their lives, invoked with mathematical regularity through my childhood. Their memories of the period wound up and regulated my emotional clock.

Much of the attraction of *The People's War* is archeological, the excavation of a world whose relics were gas masks, ration books, air raid sirens, Anderson shelters, allotments, Bakelite radios, bombed out houses, just barely the world of my childhood, but all the more potent for being forever a lost domain.

Like any evocation of childhood, the book is filled with fables, anecdotes of figures who have the status of demons and giants of folklore. He writes of Lord Haw Haw, defeating his last broadcast, roaring drunk: "You may not hear from me again for a few months. Es lebe Deutschland!" then dropped his voice to a whisper, "Hell Hitler"; of Nye Bevan, whose oratory was often tinged, as a woman MP



"A good reader, an active & creative reader is a reader" - Vladimir Nabokov

much as their heroism and humanity. He writes of conscription, austerity, the blitz, the Tube, the sewers, the blackout, the factories, the mines, the civil services and peoples them with air raid wardens, evacuees, housewives, Home Guardsmen, landgirls, pacifists, soldiers, sailors, airmen and women and William Beveridge in a story which, with its dynasties, its reversals and its hint of a happy ending, reads like a compellingly elegant family chronicle. It is a family in which, as Orwell said, there are "rich relations who have to be kowtowed to and poor relations who are horribly sat upon, and there is a deep conspiracy of silence about the source of the family income. It is a family in which the young are generally thwarted and most of the power is in the hands of irresponsible uncles and bedridden aunts. Still, it is a family. It has its private language and its common memories, and at the approach of an enemy it closes its ranks."

In Angus Calder's family tale I discovered a way of looking at my own country that changed my thinking as much as any book I have read. "After 1945 it was for a long time fashionable to talk as if something like a revolution had occurred. But at this distance, we can see clearly enough that the effect of the war was not to sweep society on to a new course, but to hasten its progress along an old one."

I found a book which could, to paraphrase Auden, teach the unhappy Present to rectify the Past, and, to quote Auden, "remind the management of

something managers need to be reminded of, namely, that the managed are people with faces not anonymous numbers."

Towards the end of the book there is a photograph. Two sailors and two girls are standing in the fountains of Trafalgar Square, trousers rolled up to their thighs, water above their knees. One girl, her arms wrapped round the two men, a half-knotted tie lying between her breasts on her Lana Turner jumper, a sailor's hat cocked at a rakish angle on her dark hair, looks straight at the camera, mocking the photographer. The other, blonde and demure, floats her hands away from her body like a dancer, neither encouraging nor rejecting the sailor's hand spread over the side of her stomach. They all look tired, drunk, young, and guileless it is dawn.

VE-Day, after a night when plump women in aprons made of Union Jacks danced with pin-striped civil-servants, strangers kissed, the young princesses mingled with the crowd outside Buckingham Palace, searchlights danced on the night sky, bonfires blazed in the streets and, as Angus Calder says "The New World, so to speak, sang out its appreciation of the Old". For a moment the country, it seems, held its breath, and it is that moment which, against all reason and against all knowledge, haunts me as a sentimental memory as strong as the grip of my mother's hand.

So I return to this book, this litany of misery and hardship and endurance, for solace. I'm still unable to let it without feeling both nostalgia and pain on the unfulfilled promise of the world I was born into. I used to think this was just longing for the time when my life was all expectation and no disappointment: now it seems little more than a neurotic fixation.

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BOOKS

Great recantation riddle

David Walker on the controversial figure of Thomas Cranmer

One of the most abiding images of the Henrician reformation is of Thomas Cranmer at the stake, thrusting his right hand into the heart of the flames in an agonising disavowal of everything he had signed in the preceding weeks signifying his return to the fold of Roman Catholicism.

It should have been the culminating public relations coup of Queen Mary's restoration of the old religion. As Archbishop of Canterbury, Cranmer had been among the principal architects of Henry VIII's breach with Rome and guiding spirit of the moves toward a fully Protestant church during the reign of his son, Edward VI. But, after two and a half years of confinement, he had abjured all he had worked for during the past 28 years. Only days before his execution, all prospect of saving himself from the fire gone, he had expressed joy at returning to the Catholic faith and had heard mass. The extent of his six recantations had amazed his witnesses. On the very morning of his execution he had signed more copies.

The government needed this propaganda success. Unrest rent the land. Plots and rumours of plots abounded. And a spectacular comet had appeared over southern England, arousing apocalyptic fears.

The stage was set for the grand finale. In a public ceremony at the University church at Oxford on a rainy Saturday he had a last opportunity to speak before being led to the stake. First there was a sermon

seeking to justify the burning of a repentant sinner and asking all priests present to pray for him. Then it was Cranmer's turn. Initially he kept to the prepared and vetted text. But, as the audience watched aghast, he withdrew the recantations; he denounced the Pope as anti-Christ. Amid the consternation of his accusers he was dragged from the pulpit. Before being pulled from the communion of the church, he managed to shout one final promise. "Forasmuch as my hand offended, writing contrary to my heart, my hand shall first be punished therefor." He died rapidly at the stake. Afterwards in the ashes, it was said, his heart was found unburnt.

The riddle of his last days remains. Why did he continue his recantations even when all hope of saving himself had gone? Why did he appear at mass when there was no compulsion to do so? And why then, in his final hours did he re-affirm his reformist beliefs?

Could it, as an enthralling new study by Diarmid MacCulloch, lecturer in church history at Oxford, surmises, have had anything to do with visits he received from his sisters during his final weeks? The first was a Catholic; his recantations continued after her visit. But the day before he died was a day of sudden

tranquility. And on the morning of his death his Protestant sister visited.

Cranmer remains a controversial figure. He has been seen as a godly father of the English church; he has been upbraided as a plunderer who encouraged the monstrous Henry VIII in his worst excesses.

Readers of MacCulloch's book will find other brave moments in Cranmer's life. His letter to the King when Anne Boleyn was taken to the

THOMAS CRANMER - A LIFE

by Diarmid MacCulloch

Yale University Press £29.95, 692 pages

Tower, seen by some as craven toadyism, states his amazement that she could be guilty of the allegations against her and urges the king to maintain zeal for the truth above all other considerations. Likewise in 1540, when Thomas Cromwell, the king's most trusted adviser, was arrested for treason, Cranmer wrote to the king condemning treasonable acts but nonetheless extolling Cromwell's virtues. In an age in which mere suspicion of treason and sedition brought the ultimate penalty, these were brave acts.

Brave - or foolhardy - too had been

Cranmer's second marriage, in 1533. He was a widower, but his first, short-lived marriage had been before his ordination; it cost him his fellowship of Jesus College, Cambridge, but carried no other penalty. His second, and enduring, marriage, however, came after he had become a priest - and when breaches of clerical celibacy were punishable by death. It was to be another eight years before that penalty was lifted.

And it was not till the death of Henry in 1547 - dying with Cranmer holding his hand at the end of what MacCulloch calls the most remarkable relationship of love which either man had known - that Cranmer was able publicly to acknowledge the existence of his wife and family.

Cranmer's experience of married life left its mark in his most abiding legacy, his Book of Common Prayer of 1549. That masterpiece, with its wide range of sources from the books Cranmer had at hand in his extensive library in his palace at Croydon and elsewhere, set out the pattern of English church worship for 400 years.

Out of the marriage service went the injunction to the wife to be "bonnet and buxom in bed and at the board". Instead, the groom was to promise "to love and to cherish" his wife; she was to promise "to love,

cherish and obey". Marriage was no longer just for the avoidance of sin and begetting of children; rather it was for "mutual society, help and comfort". There spoke the married man of 16 years taking over from generations of celibate medieval clergy.

MacCulloch traces a spiritual journey by a man who was no politician, was sometimes timid, weak and confused, occasionally morally dubious, but was also loyal, astonishingly forgiving to his enemies - though he had little compunction about consigning heretics to the same flames that were to consume him - passed over opportunities to enrich himself and who, in that confused period after the collapse of the two week (not nine day) reign of Lady Jane Grey, declined to flee abroad from the wrath of Queen Mary while advising others to do so.

He became a central figure in the European religious debate, but his theology - his belief in predestination, the Royal Supremacy and symbolic role of the eucharist - is not that of the modern Church of England. The middle way to which he progressed between the old Church of Rome and the born-again Christianity of the Anabaptists was a middle way of certainty, not modern Anglicanism's fumbling between, and compromising with, different paths of belief. The church Elizabeth I restored was not Cranmer's. But its language for four centuries was to be Cranmer's genius for prose has left its mark to this day.

Encounters with life's one truth

A.C. Grayling admires two books which get to grips with the uneasy subject of death

Bert Kelzer has written a brave and illuminating book. It is also, perhaps, the first modern book to give us an unvarnished, uncompromising, uncomfortable portrait of the greatest fact of life, which is death; and it tells us that death is many things, few of them easy.

DANCING WITH MR D: NOTES ON LIFE AND DEATH

by Bert Kelzer

Doubleday £9.99, 291 pages

MASTER OF DEATH

by Michael Camille

Yale University Press £25, 256 pages

Anyone who has walked down dim medical corridors at night, to sit in silence next to a high metal-frame bed watching mortality gather like dusk round a loved but now only half-familiar shape, will recognise Kelzer's world of death and hope. But he opens the doors to other perceptions of that experience: the view from the doctor's side of the death-bed, the view from the mortuary, the autopsy table, the external observer's view of the shocked, grieving, grasping, falling, selfish, shattered relations, afraid and hardly able to bear their encounter with life's one truth.

Kelzer is a doctor in a Dutch nursing home, where the old and terminally ill go to die. Like so many of the best physicians, he is a literate and home-catered man, as much at home with the classics of philosophy as the pharmacopoeia, and far more persuaded by them.



"The martyrdom of St Denis" by Pierre Remet, whose work illuminates the unblinkered medieval familiarity with death

Indeed he is a sceptic about modern medicine, which in his acerbic description is a near-impatient blusterer hiding behind the white-coated disguises of science. In his experience, the large dose of morphine is the only palliative left when compassion and love can do no more.

This is an angry book. Kelzer is angered by death, and by the

non-existence of God - something only slightly more tolerable for him than the idea that there is a God who allows, or worse still wills, so much suffering. But in the closing stretches of life, in the bone-ties that become possible between the compassionate physician and his patient, rather wonderful intimacies arise, and it is the presence of

these in Kelzer's book which, along with his blunt, no-holds-barred, unflinching look at death and dying and terminal care, makes this a quite extraordinary document.

And yet it is a document almost homely in tone: a series of diary entries, reminiscences, records, which portray rather than state the subtle friendships Kelzer had with some of

his patients, some of whom asked him to help them die - and to some of whom he said yes.

We do not need reminding of how distant and out-of-sight we try to make death in our modern world, which is why we find it harder and stranger than our forefathers did. In medieval times, as Michael Camille shows, death was ubiq-

uitous, more present and familiar than most of life's pleasures. Its seat at every table, its guest at every feast and breath, made the world a different place. It certainly gave religion a fearful boost, as the only offer of security in a treacherous existence.

Camille explores the place of death in medieval sensibility through the work of a manuscript illuminator of the Boquet school, one Pierre Remet, who lived and worked in Paris in the decades each side of the year 1400, and whom Camille says he can identify by means not so much of his style as his "performance". He characterises Remet as "the Master of Death" because of his special expertise in illustrating the subject. His claim is based on detective work in great libraries inspecting "thick crackling parchment pages" from which clouds of dust rise to reveal "sheer sheets of gold leaf and sparkling miniatures".

Whether or not Camille has correctly succeeded in tracing the occurrence of a single artist, his use of manuscript illustrations of dying, death, salvation and damnation help bring the medieval conception of death sharply into focus - which is the main purpose of his book. He shows how death shaped the world then, and gave it its framework. The illustrations are a text in themselves, constituting a frank exploration of the grave's open mouth, the corrupting body, the defeats inflicted by disease and the fragile chances of life in a violent, unpolished society.

It is interesting, even shocking, to compare the hidden world of today's death as described by Kelzer, and the unblinkered medieval familiarity with death revealed by Camille's study. It makes us recognise Kelzer as one of the few people alive today who can see with medieval eyes.

These two books make an accidental but powerful pair: what Kelzer's words say, Camille's choice of manuscript drawings sharply illustrates.

There is, however, a third possibility: that he was every bit the ruthless, calculating tyrant portrayed by Radzinsky; but he was loved and revered all the same, for the simple reason that the psychological tricks he played by demonising the "enemies of the people" essentially worked.

If that is true, and millions of Russians accepted the Faustian bargain which Stalin offered them, then there is good reason to fear that they will not have much immunity to the next dictator who offers to make their country great if only they will surrender freedom and submit to his every command. Certainly there is nothing in the slogans and images that are being bandied about in today's Moscow street demonstrations to suggest that any such immunity exists.

Bruce Clark

The red flag of Terror

To this day, the combatants in Russia's power struggle are vying furiously to appropriate a piece of Stalin's legacy. At this month's Yeltsin Day celebrations, Boris Yeltsin reintroduced the red flag, and made two historically resonant appearances: on the roof of the Red Square mausoleum, and in the city of Stalingrad. Supporters of his rival Gennady Zyuganov, who has topped most opinion polls, deride the president's effort to present himself as a worthy successor: unlike Yeltsin, they have never ceased to pay homage to the Soviet tyrant, or to brandish his portrait at their huge, angry demonstrations.

All this makes very timely the publication of two controversial, closely argued and sharply contrasting assessments of the dictator, Edward Radzinsky brings to his idiosyncratic but formidable work the sweep and story-telling flair of a successful playwright. Every page of his book, a series of carefully drawn vignettes, is informed by the wounded passion of a former Soviet citizen who experienced his country's history as personal tragedy.

Along with an entire generation, he grew up revering Stalin. But in contrast with today's noisy nostalgists, admiration turned to horror as he

realised the climate of fear experienced by his father, a secret liberal who made a living by dramatising Stalin's favourite novels, and watched his friends disappearing one by one. Radzinsky's family background gives poignancy to his description of Stalin's success in bullying and battering Russia's finest intellectuals into joining the personality cult.

With a fine talent for setting scenes, Radzinsky recreates the dusty streets of Gori, the prosperous Georgian town where an ill-favoured lad called Joseph or "Soso" Dzhughashvili was born to a serf's daughter and a drunken, brutal cobbler called Beso. Radzinsky is fascinated by links between Stalin's childhood and his later life: for example, he believes that rivalry between Beso Dzhughashvili and Gori's Jewish shoe-makers lay at the root of the anti-Semitic fury which gripped the tyrant in his final years.

Radzinsky also believes that Stalin's transformation of himself into a kind of living god of the rituals he had learned as a disobedient seminarian in the "beautiful, merry, drunken,

sun-washed" city of Tbilisi.

Faced with the staggering story of Stalin's successive waves of terror - first using the Party and the secret police against the peasantry, then the secret police against the Party and finally purging the secret police itself - many a western observer is tempted to deny that it really happened; or else to dismiss Stalin as mentally deranged. Yet Radzinsky has enough understanding of his country's peculiar traditions of governance to see that the Terror did have its own, ghastly logic, as a way of building up the dictator's power base and girding the country for war.

He believes that on the eve of his death, Stalin was preparing for a final battle: the imminent mass deportation of the Jews would be the precursor to a nuclear exchange with America, in which his superior nuclear technology would prevail. On the basis of an affidavit from Pyotr Lozachev, a Kremlin guard who has never spoken out before, Radzinsky believes that Stalin's deathbed confessions to his lieutenants contributed to his death by leaving him without medical attention.

Although he has delved

deeply into the Kremlin archives and consulted scores of contemporaries, Radzinsky is acting on intuition rather than science when he asserts this theory of an impending Armageddon. The same applies to his faith in Lozachev, who describes having found Stalin, dying and incontinent, on a bedroom floor.

STALIN

by Edward Radzinsky

Holder and Stoughton £25, 306 pages

LIFE AND TERROR IN

STALIN'S RUSSIA,

1934-41

by Robert W. Thurston

Yale University Press £19.95, 296 pages

But in a land where false testimony is a highly developed art form - in what other country could the saying "he lies like an eye-witness" gain currency? - it is necessary to make such leaps of faith. Western scholars may expect the riddles of history to solve themselves over time, as files are opened and old soldiers

reminisce; but in Russia, the decisive events of the 20th century are still shrouded in mystery, and likely to remain so. Radzinsky's inspired hunches are as likely as anything else to get things right.

In the world of American academia which Professor Robert Thurston inhabits, inspired hunches are eschewed in favour of empiricism, and his account is dutifully studded with footnotes. But this will not protect him from the anger he has incurred in many quarters for suggesting that some estimates of the numbers killed or imprisoned during the Terror are too high. He does not, in fact, deny that huge numbers died horribly: he quotes with approval an estimate that 10-11 million "unnatural deaths", including 7m victims of man-made famine, occurred in the 1930s.

But there is something intuitive, if not downright arbitrary, about Thurston's preference for these numbers over higher ones. He too is in the grip of a theory, although it is easier to see what he does not believe than what he does.

He makes one assertion that will earn him particular oppo-

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SUMMER ARTS FESTIVAL GUIDE

Sharing the adventure of a strong vision

In the programme-book for this year's Salzburg Easter festival, Claudio Abbado recalled that he had recently seen a poster advertising festival-free holidays. "I found that refreshing," he said.

Are there too many festivals? The choice gets wider every summer, but not necessarily richer. The *raison d'être* has changed. In the immediate prewar and postwar eras, festivals gave artists the opportunity to do something different. There was spontaneity and improvisation - in the combination of artists, in interpretative spirit and the choice of works. Above all, festivals were artist-driven. Think of Salzburg before the war, Edinburgh in its early years, Aix-en-Provence in the 1960s.

Since then, the word "festival" has been devalued as more and more towns seize on culture as an

adjunct to tourism. Many festivals are little more than a commercial and marketing tool. Local input is secondary, the programme often relying on artists doing the circuit.

The best-known festivals - Bayreuth, Bregenz, Edinburgh, Lucerne, Salzburg, Santa Fe - have developed a momentum of their own, partly because they have been in existence for 40 years or more. Some notable youngsters, such as the Rossini festival at Pesaro or the Glimmerglass opera festival in upstate New York, have thrived on a mixture of niche programming and pleasant surroundings. Others, such as Aldeburgh, Schleswig-Holstein, Spoleto and the Menuhin festival at Gstaad, are trying, with mixed success, to forge an identity beyond that of their founders.

If you are looking for real artistic refreshment rather than a passive way to end a day on the tourist

trail, it is worth casting a critical eye down the festival menu. The most stimulating programmes are usually those devised by directors with a strong artistic vision, building on the personality of the community in which they operate. Cheltenham in England, Kuhmo in Finland and Verbier in Switzerland are typical.

In his second summer at Cheltenham, the British composer, Michael Berkeley, has chosen a Russian theme in which masters rub shoulders with their mentors and neglected contemporaries. As last year, Berkeley has asked each of his guest artists to bring a work by a living composer. There will be a new music-theatre piece by John Woolrich, with a libretto by Marina Warner, and the talents of the brilliant young pianist-composer, Thomas Adès, can be admired in a chamber music series. Berkeley

says too many festivals get by on a *These You Have Loved* programme. "My aim is to win the audience's trust and take them on a journey of adventure - 'Lead me your ears and you may discover things that are fresh'. It would be easy to put on nothing but the Mozart *Requiem*, and we'd probably do very well, but it would be a complete denial of what music-making is about."

Berkeley sees inbuilt advantages in Cheltenham as a festival venue: the town is not spoilt for choice during the season, but it has a thriving music society and a beautiful Matcham theatre. "My idea of a festival programme is one where you desperately want to go to every event. There has to be some imprint that makes it individual. In our case, it's not just contemporary music, but a particular kind - composers who are neither 1960s serial-

ists nor minimalists, but they're interesting and innovative, and they need to be stood up for."

At Kuhmo, surrounded by lakes and forests near the Arctic Circle, the Finnish cellist, Seppo Kinnanen, has been bringing together leading instrumentalists each summer since 1979. Although Kuhmo focuses on chamber music, it is not a rarefied gathering for connoisseurs. The programme - ranging this year from Haydn to Gorecki - is designed to meet all tastes. The magic of Kuhmo is the beauty and silence of nature. In such a setting, artists and audiences start to hear music differently.

Kinnanen's idea is that musicians should break their routine and strike sparks off colleagues whom they may never have previously met. This year's line-up includes Natalia Gutman, the Lindsay and Vellinger Quartets, and a wide

range of excellent Finnish musicians. The concerts - up to five a day - are informal, with sauna parties afterwards. "We have 15 days of continuous music drama," says Kinnanen, "with themes worked out like a symphony. The programme starts from the music, and that's the only thing the artists are not free to decide - otherwise they would choose their party-pieces. When it works, it's something you'll never hear at Salzburg."

Verbier, better known as an Alpine ski resort, is a relative festival newcomer. It is the brainchild of Martin Engstroom, a Swedish artist's agent based in Switzerland, who put together his first programme three years ago. His idea was to create a holiday setting for high-powered artists and their families, where they could enjoy breathtaking views, give concerts in *ad hoc* chamber music forma-

tions and share their skills with young musicians. Evgeny Kissin, Maxim Vengerov and other virtuosi jumped at the idea.

The 1996 programme brings together Vengerov, Yuri Bashmet, Dmitry Sitkovetsky and others in quartets and quintets by Brahms, Monty Alexander will play Gershwin and Ben Kingsley gives a portrait of D.H. Lawrence. You don't drop into Verbier for a couple of hours; aim for a couple of days.

"What makes a festival distinctive," says Engstroom, "is the way you combine the talents of artists. The idea is to offer your public something different from what they hear during the season. You should hear about a programme and say, 'That's a festival programme'. Otherwise, why call it a festival?"

Andrew Clark

AIX-EN-PROVENCE

July 12 - 30
Service Location, Palais de l'Ancien Archevêché, 13100 Aix-en-Provence, France. Tel 4317 3400 Fax 4296 1261.

Aix is in limbo. Louis Erlo, artistic director since the early 1980s, is about to depart, and his successor, Stéphane Lissner, does not take over until 1998 - when an injection of funds and ideas is expected. The programme may be limited, but Aix still has something to offer. After his Handel at Glyndebourne, period specialist William Christie tackles the same composer's *Semele*, with a cast including Rosemary Joshua and Paul Groves. The other new staging is *Enfance*, by Christophe Rousset and Myung-whun Chung head the concert programme. Aix's biggest attraction remains the food and provincial air.

ALDEBURGH

June 7 - 23
Aldeburgh Festival Box Office, High Street, Aldeburgh, Suffolk IP15 5AX, UK. Tel 01728-453543 Fax 01728-453715.

Hans Werner Henze's association with Britten, Pears and Aldeburgh stretches back 40 years, so it is fitting that the festival should play a prominent part in his 70th birthday celebrations. The BBC Symphony Orchestra gives the UK premiere of *Appassionato*, and Henze's chamber music is well represented. The links between Henze, Britten and W.H. Auden are also explored, and there are recitals by Jane Manning, Tamsin Little, Imogen Cooper, Alicia de Larrocha and Ian Bostridge.

AMSTERDAM

May 31 - June 30
Netherlands Reservations Centre, PO Box 404, 2280 AR Leidschendam, Netherlands. Tel 70-320 3500 Fax 70-320 3511.

The Holland Festival is the most important meeting-point of opera, music, theatre and dance in the Netherlands. The 1996 programme is dominated by William Forsythe and Pierre Boulez. Forsythe is represented by four choreographies, and Boulez by *Pli selon pli*, *Rituel* and all his works for piano. There is also a "parade" of ensembles internationally renowned for their performance of new music. The opera programme includes new works by Tan Dun and Klaus

Spring-heeled: The Martha Graham Dance Company will give its presentation of Aaron Copland's *Appalachian Spring* at the Edinburgh Festival

Photo: Lisa Greenfield

de Vries, plus Klaus Michael Gruber's Netherlands Opera staging of Verdi's *Otello*.

ANTIBES

July 16 - 26
Festival International de Jazz Antibes Juan-les-Pins, Maison du Tourisme, Antibes, France. Tel 9333 9564.

France's big jazz bash, a

stone's throw from Cannes and Nice, is centred on La Pinede, an outdoor arena sitting 4,000 people. For this year's opening, the festival flirts with rock music in the shape of a big band led by Phil Collins. Other highlights include Little Richard, B.B. King, Keith Jarrett, Jack DeJohnette, Chick Corea, Benny Carter, the Renegades Steel Orchestra and Celia Cruz.

BAD KISSINGEN

June 20 - July 14
Kissinger Sommer, Postfach 2260, D-97672 Bad Kissingen, Germany. Tel 971-907110 Fax 971-907191.

Bad Kissingen, in north Bavaria, is an ideal holiday base for exploring an area rich in history, architecture and picturesque countryside. The town itself is a former royal spa. The 19th century Regentenbau incorporates four elegant concert halls, and there is a *fin-de-siècle* theatre. The programme, evenly divided between orchestral concerts and recitals, features the Bavarian Radio Symphony Orchestra, the St Petersburg Philharmonic, Yehudi Menuhin, Mikhail Pletnev, Wolfgang Holzmair and Andras Schiff.

BAYREUTH

July 25 - August 28
Kartenbüro der Bayreuther Festspiele, Postfach 100262, D-95402 Bayreuth, Germany. Tel 921-78780.

There is little to what the appetite at Bayreuth this summer. Wolfgang Wagner - who seems to have less and less to say about his grandfather's works as he grows older - stages a new *Meistersinger* with Robert Holl as Sachs and Renée Fleming as Eva. All the other productions are revivals. Poul Elming sings the title role in *Parsifal*, and John Tomlinson is Wotan in *The Ring*. Siegfried Jerusalem and Waltraud

Meier return in the title roles of *Tristan und Isolde*.

BEAUNE

June 28 - July 28
Bureau du Festival, Office du Tourisme, 21200 Beaune, France. Tel 8086 2130 Fax 8026 2110.

Beaune is earning a reputation for its high-powered programme of baroque music, spread across five weekends in the open-air setting of the Cour des Hospices. There are three Handel operas this year, including *Acis and Galatea* conducted by William Christie. Lully's opera of the same name will be performed by Marc Minkowski's period ensemble, Les Musiciens du Louvre.

BIRMINGHAM

July 6 - 14
Birmingham International Jazz Festival, Birmingham, UK. Tel 0121-454 7620.

Birmingham hosts an international jazz event with 200 performances at 50 venues. This year's guests include Marty Grosz, Tommy Saunders, Harold Ousley, Ulf Wakenius, Vanessa Rubens and the Art Porter Quartet.

BREGENZ

July 5 - 14
Kartenbüro der Bregenzer Festspiele, Postfach 311, A-6901 Bregenz, Austria. Tel 5574-492 0223 Fax 5574-492 0223.

Bregenz draws huge crowds for its outdoor opera performances at the Austrian end of Lake Constance. The Pountney-Lazaridis production of *Fidelio*, which received mixed reviews last year, returns on the floating stage. This summer's main attraction is an indoors production of Chausson's rarely staged *Le Roi Arthus*.

COPENHAGEN

July 5 - 14
Copenhagen Jazz Festival, Tel 3393 2015.

The festival embraces 450 concerts by Danish and international jazz musicians, running all day in clubs and cafés in and around Copenhagen. Heading the bill are Michael Petrucci, Ray Charles, Wayne Shorter and the Horace Silver Septet.

DROTTNINGHOLM

June 1 - September 14
Drottningholms Slottsteater, Box 27050, S-10251 Stockholm, Sweden. Tel 8-660 8225 Fax 8-665 1473.

Thanks to its peaceful surroundings and preserved 18th century court theatre, Drottningholm offers a unique experience. This is Elisabeth Söderström's final season as artistic director. She has chosen a Pergolè double bill, Gluck's *Orpheus*, a programme of Swedish ballets from the Gustavian era, and a revival of last year's acclaimed production of Philidor's comic opera *Tom Jones*.

EDINBURGH

August 11 - 31
Edinburgh International Festival Box Office, 21 Market Street, Edinburgh EH1 1BW, UK. Tel 0131-225 5756 Fax 0131-226 7669.

The Edinburgh Festival reaches its 50th anniversary this year on a high, and the programme reflects the serious quality introduced by director Brian MacMaster.

EISENSTADT

September 6 - 16
Festivalbüro, Schloss Esterhazy, A-7000 Eisenstadt, Austria. Tel 2682-618690 Fax 2682-618695.

This festival celebrates Haydn in the palace where he once lived. The 1996 programme offers a rare chance to see *Philemon and Baucis* performed with actors and marionettes. Trevor Pinnock conducts.

FELDKIRCH

June 18 - 29
Schubertiade Feldkirch, Schubertplatz 1, Postfach 625, A-6803 Feldkirch, Austria. Tel 5529-39001 Fax 5522-39006.

This rarefied Schubert festival brings together many of the leading interpreters of German song. In recital halls as handsome as the wooded scenery of western Austria. The programme includes recitals by Simon Keenlyside, Cheryl Studer, Thomas Hampson, Peter Schreier, Anatol Ugorski and Alfred Brendel.

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SUMMER ARTS FESTIVAL GUIDE

GLIMMERGLASS
July 5 - August 28
Glimmerglass Opera Festival,
Box 191, Cooperstown, NY
13326, USA. Tel 607-547 5704
Fax 607-547 6030.

Uptate New York is the setting for one of the most alluring festivals in the US. Performances are given in a 900-seat theatre, surrounded by lawns, shady trees, a lake and plentiful picnic facilities. Glimmerglass has a four-opera season, with weekend packages to attract New Yorkers. American singers predominate, but operas are sung in the original language with surtitles. The 1996 programme includes Simon Callow's new staging of Cavalli's *La Calisto* and a revival of Jack Beeson's *Lizzie Borden*, plus *Don Pasquale* and *La Finta Giardiniera*.

GLYNDEBOURNE
May 17 - August 25
Glyndebourne Festival Opera
Box Office, P O Box 2824,
Lewes, East Sussex BN8 5UW,
England. Tel 01273-613813 Fax
01273-614686.

The real connoisseur's piece this summer is *Lulu*; it will be fascinating to see what Graham Vick makes of it. Vick's other productions are *Ernani* and *Eugene Onegin*, both well-received in previous seasons. The festival opened last week with the Peter Sellars version of Handel's *Theodora* (conducted by William Christie) and Trevor Nunn's shipboard setting of *Così fan tutte*. John Cox's classic production of *Arabella* completes the bill.

GRANADA
June 21 - July 7
Festival Internacional de
Granada, Corral del Carbon,
calle Mariana Pineda, 18009
Granada, Spain. Tel 95-221844
Fax 95-220691.

Granada's courtyards, gardens and churches make for a strong festival setting, supported this year by an equally strong programme - a retrospective of Manuel de Falla, who died 50 years ago. There are productions of *Atlántida*, *Master Peter's Puppet Show* and *El amor brujo*, performances of Falla's choral and instrumental works, and a recital by Victoria de los Angeles. Most of the other concerts represent music which Falla studied or loved - from Byzantine chant to Beethoven.

GRAZ
June 23 - July 14
Styriarte-Karntenbüro, Palais
Arenas, Sackstrasse 17, A-3010
Graz, Austria. Tel 516-8128
4122 Fax 516-877 8882.
With its strong middle-European atmosphere and magnificent Stefanies concert hall, the Austrian town of Graz makes a picturesque setting for a music festival devoted to the heroic and classical eras. The driving force is Nikolaus Harnoncourt, who conducts the Chamber Orchestra of Europe in a concert performance of Schumann's *Genoveva*. Guest artists include Wolfgang Holzmair, Jordi Savall's Hesperion XX and the Tallis Scholars.

GSTAAD
July 19 - September 7
Musiksommer Gstaad Saanen-
land, Chalet Rialto, Postfach
334, CH-3780 Gstaad, Switzerland.
Tel 30-48865 Fax
30-46171.

The Menuhin festival has been going for 40 years - and Menuhin himself is 80. The appointment of Gidon Kremer as artistic director from next year may help the festival get back to its roots. It began with an intimate series of chamber music recitals in local churches, but the arrival of rent-an-orchestra concerts in a tent has smothered its identity. This year's visitors include Thomas Allen, the Vienna Chamber Orchestra and the Moscow Soloists under Yuri Bashmet. Menuhin himself conducts works by Lehar and Beethoven.

HELSINKI
August 21 - September 1
Helsinki Festival, Rauman-
katu 7, 00170 Helsinki, Finland.
Tel 0-135 4522 Fax 0-278 1578.

This is an intensive two-week festival of all the arts,

attracting a broad spectrum of performers from Finland and abroad. Under the artistic direction of Esa-Pekka Salonen, the programme embraces classical and contemporary music, dance, theatre, films, rock, jazz and poetry.

INNSBRUCK
August 15 - 31
Innsbruck-Information, Burg-
graben 3, A-6020 Innsbruck,
Austria. Tel 512-536621 Fax
512-536642.

This has developed into one of the leading baroque and early music festivals, with period instrument experts performing in a variety of handsome castles and churches. The 1996 programme is headed by a staging of Cesti's little-known *L'Argia*, composed in 1655 for Queen Christina of Sweden on the occasion of her visit to Innsbruck. René Jacobs conducts, Jean-Louis Martinot produces.

KUUSMO
July 14 - 28
Kuusmo Chamber Music Festival,
Torikatu 35, 68900
Kuusmo, Finland. Tel 95-652 0936 Fax 95-652 1961.

This is one of those exceptional festivals where setting and artistic climate combine to create an experience few visitors are likely to forget. There is music from dawn to dusk, and some marathon events continue into the small hours. This year's programme explores the interplay between Mozart and Haydn on one hand, and Brahms and Schumann on the other - plus new Danish and Polish music.

LINZ
September 7 - 30
Brucknerhaus-Kasse, Untere
Donaulände 7, Postfach 57,
A-4010 Linz, Austria. Tel
732-776230 Fax 732-761 2201.

This late summer festival is built around the music of Bruckner, set against the countryside which the composer knew and loved best. The most fascinating concert this year will be Pierre Boulez's performance of the Eighth Symphony with the Vienna Philharmonic. The rest of the programme is in the hands of established Brucknerians, such as Sawallisch, Masur and Sandeling. The festival ends with a concert performance of Wagner's *Parsifal* conducted by Franz Welser-Möst.

LONDON
City of London Festival
July 25 - July 14
Box Office, Barbican Centre,
Silk Street, London EC2Y 8DS,
UK. Tel 0171-638 8891.

Three weeks of concerts offer a chance to discover the magnificent churches, lively halls and open spaces of London's Square Mile. The festival opens with *Smekina's Ma Vlast* on period instruments, conducted by Roger Norrington. Other highlights include Delius's *A Mass of Life*, conducted by Richard Hickox, recitals by Viktoria Mullova, Maria Joao Pires and the Brodsky Quartet, and a chamber music series devised by the cellist, Steven Isserlis.

BBC Proms
July 19 - September 14
BBC Proms Ticket Shop, Royal
Albert Hall, London SW7 2AP,
UK. Tel 0171-589 8212 Fax
0171-694 1406.

Arguably the biggest and best of the world's music festivals. The pick of this year's Proms - the first to be directed by BBC Radio 3 Controller Nicholas Kenyon - are concert performances of *Don Carlos* (Bernard Haitink), *Semele* (William Christie) and *Lulu* (Andrew Davis). Mendelssohn's *Elphig* with Bryn Terfel, and Günter Wand's Bruckner evening. Guest orchestras include the Berlin, New York and Oslo Philharmonics, the Chicago Symphony, the Russian National Orchestra and Franz Brüggen's Orchestra of the 18th Century. There will be premieres by John Woolrich, Keith Volans, James Dillon, Poul Ruders, Geoffrey Burgon and Detlef Glatzer.

LUCERNE
August 17 - September 11
Internationale Musikfes-
tival Lucerne, Hirschenstrasse
13, Postfach, CH-6002
Lucerne, Switzerland. Tel
41-310 3080 Fax 41-310 9464.

Mathias Bamert, intendant of Switzerland's premier festival, has come up with another imaginative programme idea - "The Healing Power of Music". The theme is wide enough to embrace music from Bali, sacred chant, Bach's *Mass in B minor* and Mahler's Second Symphony. There are 11 guest orchestras, including the Berlin, New York and Oslo Philharmonics, plus recitals by Anne-Sophie Mutter, Radu Lupu, Alfred Brendel and Felicity Lott.

MONTPELLIER
July 15 - August 4
Festival de Radio France &
Montpellier, Service Location,
BP 9214 Le Corum, 34043 Mont-
pellier Cedex 1, France. Tel
6702 0201 Fax 6761 6682.

Radio France's festival is notable for its concert performances of rare operas: this year's are Albeniz's *Pepita*



Two for Santander: Roberto Alagna and Angela Gheorghiu will sing opera at the festival in the northern Spanish town

Jimenez and Cilea's *L'elisir d'amore*. The rest of the programme is dominated by a Beethoven symphony cycle conducted by Yehudi Menuhin.

MONTREUX
Montreux Jazz Festival
July 5 - 20
Montreux Jazz Festival, Mon-
treux, Switzerland. Tel 21-313 4567.

Stephan Elcher, Al Green, Phil Collins and Quincy Jones head the festival's 30th anniversary programme, and there will be a Brazil weekend with Banda Relógio, Simone Moreno, Pepen Gomes and more than 100 musicians from Bahia. Montreux Classical Music Festival August 26 - September 24 Festival de Musique Montreux-Vevy, Rue du Théâtre 5, Case postale 162, CH-1820 Montreux 2, Switzerland. Tel 21-963 5450 Fax 21-963 1506.

MUNICH
July 1 - 31
Festspielhaus der Bayerischen
Staatsoper, Postfach 101404,
D-80088 Munich, Germany. Tel
89-2185 1920 Fax 89-2185 1903.
The Bavarian State Opera's 1996 festival opens with *Schlachtrau* (5 Slaughterhouse 5), a new work by German composer Hans-Jürgen von Bose based on a novel by Kurt Vonnegut. Paul Daniel conducts a staging by Eike Gramms. The rest of the programme consists of repeat performances of the past season's repertoire - with a heavy mark-up on seat prices.

NEW YORK
July 22 - August 11
Lincoln Center Festival, Avery
Fisher Hall Box Office, 10 Lin-
coln Center Plaza, New York,
NY 10023-6972, USA. Tel
212-721 6500 Fax 212-875 5027.

Is there sufficient demand for a big-budget arts jamboree in New York at the height of summer? The debut season of the Lincoln Center festival will surely provide an answer. John Rockwell, former New York Times music critic, has put together an ambitious programme, featuring Houston Grand Opera in Virgil Thomson's *Four Saints in Three Acts*, the US debut of John Eliot Gardiner's Orchestra of the Age of Enlightenment, live concerts by the Kirov Orchestra and Chorus, the complete plays of Samuel Beckett, a Japanese gagaku ensemble, a new outdoor work by Merce Cunningham and a specially-commissioned Wynton Marsalis score choreographed by Judith Jamison for Alvin Ailey American Dance Theater.

PERALADA
July 6 - August 20
Festival de Música Català de
Peralada, Pere de Montcada 1,
08034 Barcelona, Spain. Tel
93-280 1858 Fax 93-203 8700.
This Catalan festival includes staged productions of operas by Verdi, Falla and Albeniz, plus recitals by Teresa Berganza and Mirella Freni.

PESARO
August 10 - 24
Biglietteria del Festival, Via
Rossini 37, 61100 Pesaro, Italy.
Tel 721-33184 Fax 721-36979.
Pesaro means Mediterranean sun, Adriatic sand and Rossini's *La Cenerentola*. Rossini was born here, and the festival is his greatest champion. This year's operas are *Il barbiere di Siviglia*, *L'occasione fa il ladro* and the comic melodrama *Matilde di Shabran*. Maurizio Pollini gives a piano recital and Claudio Abbado brings the Gustav Mahler Youth Orchestra.



Fiona's Richard; Salzburg includes Deborah Warner's production of Richard II starring Fiona Shaw

RAVENNA
June 16 - July 21
Ravenna Festival, Via Dante
Alighieri 1, 48100 Ravenna,
Italy. Tel 544-32577 Fax
544-213840.

Riccardo Muti lives in Ravenna, and his festival is run by his wife. He conducts the Orchestra of La Scala at the opening concert, and directs two opera productions in the beautiful Teatro Alighieri - *Così fan tutte* and *Cavalleria Rusticana*. Visiting orchestras include the Ensemble Inter-Contemporain with Boulez, the Orchestra and Choir of the Age of Enlightenment with Rattle, and the Italian Radio Symphony Orchestra with Gussalini.

SAINT LOUIS
May 25 - June 29
PO Box 191910, Saint Louis,
Missouri 63119, USA. Tel
314-981 0171 Fax 314-961 7462.
Opera Theater of Saint Louis, one of the world's most pleasurable opera festivals, has put together another stimulating programme, including three new productions: *La rondine*, *La clemenza di Tito* and *The Rape of Lucretia*. Colin Graham produces the latter and also revives his staging of *Il barbiere di Siviglia*. The festival is renowned for discovering young American singers who go on to make big careers.

SALZBURG
July 20 - August 31
Kartenbüro der Salzburger
Festspiele, Postfach 140,
A-5010 Salzburg, Austria. Tel
662-844501 Fax 662-846022.
For all Gerard Mortier's talk of reform, Salzburg is still the festival where the world's most expensive musicians congregate. The big question-mark over the opera programme is: how will Georg Solti get on with radical producer Herbert Wernicke in *Fidelio*? This year's other new stagings are *Overton* (with Jane Eaglen as Reda), and *Elektra* conducted by Lorin Maazel. Pierre Boulez and Peter Stein bring their acclaimed Netherlands Opera production of *Moses und Aron*, and Donald Runnicles conducts a revival of Patrice Chéreau's *Don Giovanni*. Cerha, Stroppa, Saariaho and Furrer are spotted in the festival's contemporary music series, and the Vienna Philharmonic's concerts are conducted by Rattle, Muti, Boulez and Solti. There are some notable events in the drama programme: *A Midsummer Night's Dream* staged by Leander Haussmann, plays by Chekhov and Raimund directed by Peter Stein, and Deborah Warner's controversial production of *Richard II* starring Fiona Shaw.

SANTA FE
June 28 - August 24
Santa Fe Opera, PO Box 2406,
Santa Fe, New Mexico 87504,
USA. Tel 505-986 5900 Fax
505-985 6030.

This is Santa Fe's 40th season. Modelled on European opera festivals but without their stars, it is still run by its founder, John Crosby. The appeal of Santa Fe is its exotic setting, its open-headed theatre (to be covered from 1998) and the festival's well-balanced repertoire. A new opera by Tobias Picker is premiered this year, and the other new productions are *Madama Butterfly*, *The Rake's Progress* and *Daphne*.

SANTANDER
August 1 - 31
Festival Internacional de San-
tander, C/Gamazo, 39004 San-
tander, Spain. Tel 42-210508
Fax 42-314767.

As festivals go, Santander lacks artistic identity, but it always manages to persuade a handful of high-powered artists to drop in for a night or two. Roberto Alagna and Angela

Gheorghiu are due to sing opera arias, Alicia de Larrocha marks the 50th anniversary of Falla's death with a piano recital, and there will be two performances of *Nabucco* starring Jean-Philippe Lafont and Samuel Ramey. The Bolshoi Ballet and the Cleveland Orchestra are also promised.

SAVONLINNA
July 6 - August 3
Savonlinna Opera Festival,
Olavinkatu 25, 57130 Savon-
linna, Finland. Tel 57-576750
Fax 57-531665.
No-one who visits Finland's premier summer festival can fail to be impressed by the stone castle courtyard in which it takes place. Poised on the edge of a lake, Olaf's Castle (Olavinlinna) is one of the world's outstanding outdoor locations for opera. This year brings no fewer than five operas: two by Wagner (*Tannhäuser* and *Der fliegende Holländer*), Verdi's *Macbeth*, the Kirov production of Tchaikovsky's *Mozart*, and a revival of Aulis Sallinen's *The Palace*, which received mixed reviews at its premiere last summer.

SCHLESWIG-HOLSTEIN
June 25 - August 20
Kartenzentrale, Schleswig-Hol-
stein Musik Festival, Postfach
3848, D-24037 Kiel, Germany.
Tel 431-567080 Fax 431-569152.
This festival - scattered among the towns and barns of one of Germany's most charming regions - has gone through a rough patch since the departure of its founder, Justus Frantz. It is now in the hands of a professional arts administrator, Franz Willmann (formerly of the Salzburg festival), who has organising ability but lacks Frantz's charisma. There is a strong Austrian slant this year, with Bruckner symphonies conducted by Wand, Chailly, Masur and Blomstedt, a heavy dose of Mozart, and an extensive survey of the Second Viennese School. With his strong line-up of recitalists, Willmann will be hoping he has found the recipe for regenerating the festival.

SION
July 4 - September 14
Festival Tibor Varga, Case
Postale 954, CH-1951 Sion,
Switzerland. Tel 27-234317 Fax
27-234662.
Tibor Varga, the British violinist of Hungarian birth who founded this festival in 1956, celebrates his 75th birthday this year. The festival combines an admirable music academy with a variety of concerts throughout the Valais, one of the most pleasant regions of Switzerland in summer.

SPOLETO
June 26 - July 14
Associazione Festival dei Due
Mondi, Via Duomo 7,
06049 Spoleto, Italy. Tel
743-222611 Fax 743-221594.
Spoleto, an Umbrian hill-town within easy reach of Rome, offers a hot, hectic, round-the-clock collage of events, under the guidance of

the festival's octogenarian founder-director, Gian Carlo Menotti. He produces two of this year's operas - Tchaikovsky's *Eugene Onegin* and his own *Amahl and the Night Visitors*. Guest companies include the Ballet National de Nancy et de Lorraine, and the drama programme is headed by Dürrenmatt's *Romulus the Great*.

TAMPERE
August 13 - 18
Tampere International Theatre
Festival, Finland. Tel 31-214 0992.

This is Finland's only major theatre festival. Besides international guest performances, there is a large Finnish programme comprising the most interesting productions of the current theatrical year. This year's line-up includes Seppo Parkkinen's *Anastasia* and *I from the Turku City Theatre*, and Tampere Theatre's production of Antonin Artaud's *Who Murdered Van Gogh?*.

TANGLEWOOD
July 5 - September 2
Until mid-June: Tanglewood
Ticket Office, Symphony Hall,
Boston MA 02115, USA. Tel
617-266 1492. From mid-June:
Tanglewood Ticket Office,
Tanglewood, Lenox MA 01240,
USA. Tel 617-931 2000.

The Boston Symphony Orchestra's summer home provides a relaxed setting for music in the heart of the Massachusetts countryside. In the opening concert, Seiji Ozawa pairs works by Bernstein and Dvorak, with cello soloist Yo-Yo Ma. Jesse Norman, Kiri Te Kanawa and Itzhak Perlman are among this year's soloists, and guest conductors include André Previn, Neeme Järvi, Jeffrey Tate and Valery Gergiev. The festival ends with a jazz weekend.

UTRECHT
August 20 - September 8
Utrecht Early Music Festival,
Postbus 734, 3500 AS Utrecht,
Netherlands. Tel 30-235 2236
Fax 30-233 2758.

Spread around medieval churches, baroque salons and modern concert venues, the Utrecht Early Music Festival boasts 60 concerts in 10 days. Among the more eye-catching events are a 400th anniversary tribute to English composer William Lawes, an all-day marathon of counter-tenors singing the complete songbooks of John Dowland, and the first performance in 500 years of a work by John Dunstable. Plus Schütz, Handel - and Steve Reich.

WEXFORD
October 17 - November 3
Theatre Royal, High Street,
Wexford, Ireland. Tel 53-24144
Fax 53-24288.

Under its new artistic director, Luigi Ferrari, Wexford's festival of rare opera has become more sophisticated, but the town retains its relaxing charm. This year's choice - Donizetti's *Parisina*, Meyerbeer's *L'Étoile du Nord* and Fich's *Sarka* - looks like another winning trio. Wexford is the ideal destination for opera-goers who want an autumn break.

VADSTEJNA
July 8 - August 10
Wetterheds Bokhandel, Vad-
stena, Sweden. Tel 143-15125
Fax 143-15129.

The International Vadstena Academy, based in a medieval town 250km south-west of Stockholm, showcases young Swedish singers in neglected operas. The productions are staged either at 500-year old Vadstena Castle or in the Old Theatre, Sweden's oldest private provincial theatre. This year's programme features Georg Benda's *Walden* (1778) and Carl Unander-Scharin's *The King of Fools*.

VERBIE
July 19 - August 4
Verbie Festival and Academy,
Office du Tourisme, CH-1836
Verbier, Switzerland. Tel
4126-318282 Fax 4126-313272.

The festival in this Alpine resort brings together talented young artists at an advanced stage of their training, and allows them to mix with a select group of world-renowned virtuosi - who give masterclasses, chamber music recitals and orchestral concerts. The main events take place in a large tent fitted with an acoustic shell. This year's line-up includes Yuri Bashmet, Maxim Vengerov, Radu Lupu, Yuri Temirkanov and Kent Nagano.

VERONA
July 5 - September 1
Biglietteria, Ente Lirico Arena
di Verona, Piazza Bra 26,
37121 Verona, Italy. Tel 46-800 5151 Fax 45-801 3287.
Those who favour arena-style opera, with its noisy atmosphere and semaphore acting, will not want to miss *Aida* and *Nabucco*. *Il barbiere di Siviglia* has the most attractive cast - Cecilia Gasdia, Ramon Vargas and Ruggero Raimondi. The only non-Italian opera is *Carmen*, starring Denyce Graves and Neil Shicoff.

VERDI FESTIVAL
11 June - 20 July 1996

Verdi Festival
11 June - 20 July 1996
The Verdi Festival is a celebration of the life and work of Giuseppe Verdi. It features a series of performances of his operas, including *La Traviata*, *Il Trovatore*, *Macbeth*, *Don Carlos*, *La Forza del Destino*, *Il Falstaff*, *La Gioconda*, *La Mefistofele*, *La Nona Sinfonia*, *La Traviata*, *Il Trovatore*, *Macbeth*, *Don Carlos*, *La Forza del Destino*, *Il Falstaff*, *La Gioconda*, *La Mefistofele*, *La Nona Sinfonia*.

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BRECON JAZZ '96

June 26 - July 14
Associazione Festival dei Due
Mondi, Via Duomo 7,
06049 Spoleto, Italy. Tel
743-222611 Fax 743-221594.

Spoleto, an Umbrian hill-town within easy reach of Rome, offers a hot, hectic, round-the-clock collage of events, under the guidance of

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PROPERTY

Will the promise of spring last until the summer?

Anne Spackman reviews the recent shifts in UK house prices

For the first time in three years the promise of spring in the UK property market looks set to survive through the summer.

Although 1994 and 1995 saw the activity of the opening months of the year fizzle out in April and May, this year estate agents report a strengthening market. For some in the mainstream sector it is the first good year since 1990.

The latest monthly survey by the Royal Institution of Chartered Surveyors, covering the three months until the end of April, shows a steady rise in the numbers of estate agents recording price increases.

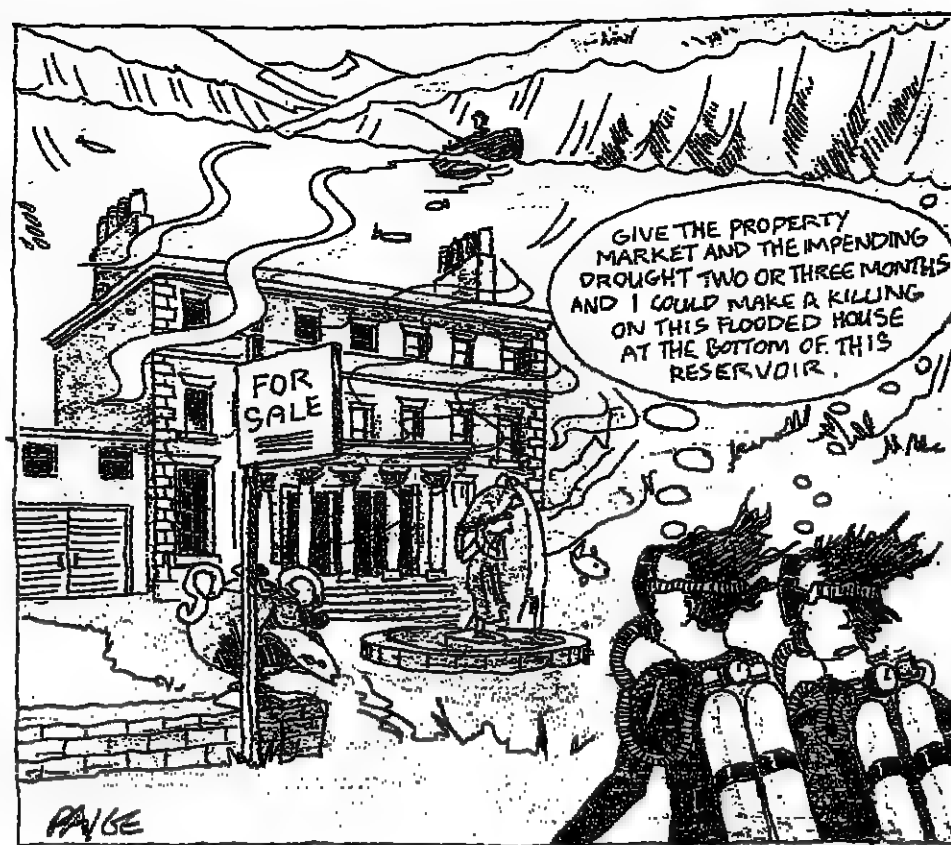
In February just 8.3 per cent said prices were rising compared with 23.6 per cent last month. However, the rises are predominantly in the 0-2 per cent bracket - still below the level of inflation.

The strongest demand is still for the best properties in the most up-market areas. But there are signs that confidence has trickled through to all but the very lowest rungs of the property ladder: for cheap urban terraces and the poorest modern estate houses there are still very few buyers.

One of the brightest spots of activity is in districts on the fringes of central London. Winkworth, which has 30 offices throughout the capital, reports the highest price increase in its north Kensington branch, which covers the north side of Notting Hill, Bayswater and Hammersmith are also very lively.

This month Winkworth has sold two houses in north Kensington for just under £300,000 which were valued at £250,000 last November. A one-bedroom flat on the market for £67,500 sold for £77,000 and the two-bedroom garden flats - currently the most sought-after kind of property - which were selling for £160,000 at the turn of the year are now going for £195,000.

In Battersea, Winkworth says business has more than doubled this year, with Easter providing a new influx of buyers. As in most parts of London



the demand is strongest for two-bedroom flats and family houses.

For once the good news is not confined to London. In Kent, Cluttons reports that April was its busiest month in years, with 10 properties selling at or above the asking price.

"This time last year a number of properties were struggling to achieve their asking prices," says Conrad Payne of Cluttons. "Now, some are achieving five per cent over and above that."

Marchand Petit, based in Devon, reports the best start to any year in the 1990s, with the strongest demand being for second homes and waterside properties.

Expatriates and the early retired are particularly active. In the Cotswolds, Butler Sherborn reports a similar pattern of activity, with demand up by

15-20 per cent.

In the Midlands, Nottingham Property Services says net sales in its five branches were up by 34 per cent during the three months ending in April compared with the same period in 1995 and, in the month of April alone, sales were up by 50 per cent.

In the north of England the recovery is finally extending beyond property hot spots such as south Manchester and north Leeds. But the region still lags behind the south and Midlands, according to the RICS report.

In Sunderland, Peter Heron Estate Agents reports that it is still in a buyers market, but, Heron adds: "The high level of activity experienced in March increased during April with the result that sales are at their highest level in four years."

This year's improvement is

mainly in levels of interest rather than in prices. As a result many owners are keeping their homes off the market leading to shortages in the most popular types of property. However, agents warn that sellers who respond to this by overpricing will find they have no buyers. Ian Perry, of the RICS, says: "Across the country the message we are getting is that realistic pricing is essential."

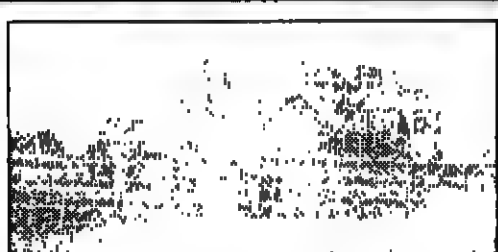
In spite of all the optimistic signs estate agents are still very cautious. They point out that buyers are very choosy and viewings are slow to convert to sales. The same note of caution is being sounded by Halifax building society.

In spite of nine consecutive rises in its monthly price index the society has still not changed its prediction that prices will increase by just two per cent this year.

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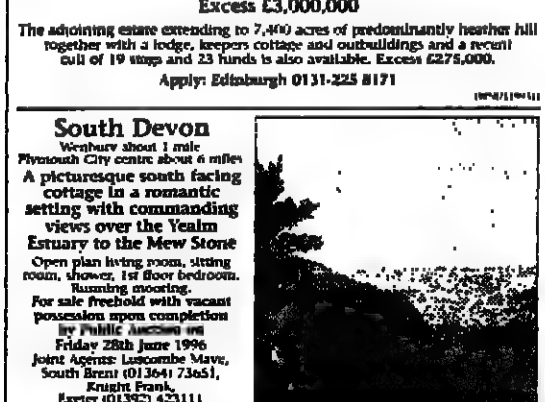


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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

ADELAIDE

EXHIBITION
Art Gallery of South Australia Tel: 61-8-2077000
● Brett Whiteley Retrospective: Selected Masterpieces: this touring exhibition highlights the artistic talent of one of Australia's most controversial artists. Selected from the major retrospective which was held last year, the exhibition comprises paintings from public and private collections in Australia and other countries. It charts Whiteley's work from the early abstracts and landscapes produced in London in the 1960s to the Sydney Harbour paintings of the early 1980s; to Jun 16

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Krystian Zimerman: the pianist performs works by Haydn, Beethoven and Schubert; 8.15pm; May 30
● De Melkweg Tel: 31-20-6241777
● Miriam Makeba: performs South African music; 9.30pm; May 28

EXHIBITION
Van Gogh Museum Tel: 31-20-5705200
● Van Gogh drawings, part I: each summer for the next four years the Van Gogh Museum will publish a volume of the catalogue of its collection of Van Gogh drawings. To mark each publication, a summer exhibition will be held. In the course of this four-year period more than 500 sheets will be displayed. The first exhibition in the series is devoted to the period from 1880 to 1883. The exhibition also pays considerable attention to Van Gogh's drawing techniques; to Sep 15

FESTIVAL

Holland Festival '96
Holland Festival '96: 49th edition of this festival offering music, theatre and dance. This year two important artists of the second half of this century are dominant presences: composer Pierre Boulez and choreographer William Forsythe. Each of these artists is being given a retrospective that includes both old and recent work. A third important component of the programme is the "Ensemble Parade" (Jun 7-16). Twenty composers from The Netherlands and abroad have been commissioned works which will now be performed for the first time, by major European ensembles. Berio's Coro and Alleluia II for five orchestral groups will conclude the festival on Jun 30; from May 31 to Jun 30

ANTWERP

OPERA
De Vismes Opera Tel: 32-3-2336608
● King Priam: by Tippett. Conducted by Elgar Howarth and performed by De Vismes Opera. Soloists include David Pittman-Jennings, Penelope Walmsley-Clark and Geoffrey Dobson; 8pm; May 28

ATHENS

CONCERT
Athens Concert Hall Tel: 30-1-7282333
● Murray Perahia: the pianist performs works by Scarlatti, Handel, J.S. Bach, R. Schumann and Mendelssohn; 8.30pm; May 28, 29

BALTIMORE

EXHIBITION
Baltimore Museum of Art Tel: 1-410-396-6300
● Grace Turnbull: exhibition devoted to the work of sculptor, painter, writer and social activist Grace Turnbull (1890-1976). In 1928 Turnbull turned her full attention to sculpture. Her principal technique was direct carving, both in stone and wood, although one of her sculptures best known to the citizens of Baltimore is the bronze "Naked" in the square of Mount Vernon Place. The exhibition is organised in celebration of the centennial of the Maryland Institute, College of Art's Fine Arts School of Sculpture, and includes both painting and sculpture by this 1911 Fine Arts graduate; from May 29 to Aug 4

BARCELONA

EXHIBITION
Museu Picasso Tel: 34-3-3196310
● Futurism: exhibition featuring works by the leaders of this movement. These were the artists who signed the first Manifesto: Marinetti (Futurist Manifesto, 1909) and Boccioni, Carrà, Russolo, Balla and Severini (Manifesto of Futurist Painters, 1910). The exhibition is supplemented with works by Depero, Stroni and Soffici. The display includes some 60 paintings and 30 drawings, as well as letters, photographs and books; to Jul 21

BERLIN

CONCERT
Philharmonie & Kammermusikkessel Tel: 49-30-2614383
● Berliner Philharmonisches Orchester: with conductor Seiji Ozawa and pianist Peter Serkin perform works by Reger and R. Strauss; 8pm; May 30; Jun 1



Buildings in Naples by Thomas Jones, from the In The Light of Italy exhibition in Washington

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Tristan und Isolde: by Wagner. Conducted by Heinrich Hollreiser and performed by the Deutsche Oper Berlin. Soloists include Friedemann Kunder, Anne Evans and Gerd Feldhoff; 8pm; May 26

BONN

EXHIBITION
Kunstmuseum Bonn Tel: 49-228-778121
● Albert Renger-Patzsch - das Spätwerk. Bäume, Landschaften, Gestein: exhibition of works by photographer Albert Renger-Patzsch (1897-1968) from the latter part of his artistic career. The greater part of the works on display was created in the 1960's. The exhibits include photographs of trees, stones and landscapes; to Jun 16

BOSTON

EXHIBITION
Museum of Fine Arts Tel: 1-617-267-9300
● Winslow Homer: this exhibition features 180 paintings, watercolours and drawings which address every stage of the artist's career. Some themes represented in the retrospective include the Civil War, genre scenes of the 1870's, and the Prout's Neck seascapes of the 1890's; to May 26

BRUSSELS

THEATRE
Koninklijke Vlaamse Schouwburg Tel: 32-2-2194944
● Madame De Sade: by Yukio Mishima. Directed by Franz Marnjen and performed by De Koninklijke Vlaamse Schouwburg. The cast includes Sandrine André, Sofie Decler, Ellen De Moor and Chris Thys; 8pm; May 28, 29, 30; Jun 1, 2

CHICAGO

CONCERT
Chicago Orchestra Hall Tel: 1-312-435-6668
● Symphony No.8: by Mahler. Performed by the Chicago Symphony Orchestra and the Chicago Symphony Chorus, conducted by Christoph Eschenbach. Soloists include sopranos Sharon Sweet, Marvis Martin and Heidi Grant Murphy, mezzo-soprano Florence Quivar and Janis Taylor, tenor Vinson Cole, baritone Richard Zeller and bass Eric Hultvarson; 8pm; May 30, 31; Jun 1

COLOGNE

DANCE
Schauspielhaus & West-end-Theater Tel: 49-221-2218240
● Mikrokosmos: a choreography by Anne Teresa De Keersmaeker to music by Bartók and Ligeti, performed by Röss. Soloists include Mark Lorimer, Samantha van Wissen and Sarah Ludi; 7.30pm; May 27

EXHIBITION

Museum Ludwig Tel: 49-221-2212375
● Die Expressionisten - Vom Aufbruch bis zur Verformung: exhibition commemorating the collector Dr Josef Haubrich, who donated his collection of Expressionist art to the city of Cologne fifty years ago. The display includes some 400 paintings,

sculptures, watercolours and prints from international collections, giving an overview of German Expressionist art; from Jun 1 to Aug 25

COPENHAGEN

DANCE
Det Kongelige Teater Tel: 45-33 14 10 02
● Ballet Gala: closing performance of the Copenhagen International Ballet Festival (May 13-31). Soloists from the Ballet National de Marseille Roland Petit, the Béjart Ballet Lausanne, the Kirov Ballet of St Petersburg, the Royal Ballet Covent Garden and the Royal Danish Ballet perform August Bournonville's La Conservatoire, Harald Lander's Etudes, and a number of pas de deux; 8pm; May 31

DETROIT

CONCERT
Detroit Orchestra Hall Tel: 1-313-833-3362
● Detroit Symphony Orchestra: with conductor Neeme Järvi and pianist Yefim Bronfman perform works by R. Strauss, Mozart and Brahms; 8pm; May 30, 31; Jun 1 (8.30pm)

DRESDEN

CONCERT
Sächsische Staatsoper Dresden Tel: 49-351-49110
● Sächsische Staatskapelle: with conductor Giuseppe Sinopoli and soprano Alessandra Marc perform works by Schoenberg and Bruckner; 11am; May 26, 28 (8pm)

DUSSELDORF

CONCERT
Tonhalle Düsseldorf Tel: 49-211-8992081
● Krystian Zimerman: the pianist performs Haydn's Sonata in E flat major, Beethoven's Sonata No.30 in E major, Op.109, and Schubert's Sonata in A major, D959; 8pm; Jun 1

EDINBURGH

EXHIBITION
Scottish National Gallery of Modern Art Tel: 44-131-5568921
● Alberto Giacometti 1901-1966: the first major exhibition of Giacometti's work in Britain since the retrospective held at the Tate Gallery in 1965. The exhibition comprises some 80 sculptures, 30 paintings and a selection of drawings. These include sketches and paintings made by Giacometti in his youth, Surrealist sculptures of the early 1930s and the celebrated series of tall standing figures begun immediately after the War; from Jun 1 to Sep 22

FLORENCE

OPERA
Teatro Comunale Tel: 39-55-211158
● Lucia di Lammermoor: by Donizetti. Conducted by Zubin Mehta and performed by the Orchestra e Coro del Maggio Musicale Fiorentino. Soloists include Elisabetta Scano, Elizabeth

Futrel and Marco Bert; 8.30pm; May 31

GENEVA

CONCERT
Victoria Hall Tel: 41-22-3283573
● Orchestre de la Suisse Romande: with conductor Günther Herbig, violinist Régis Pasquier and viola-player Bruno Pasquier perform works by Mozart and Schubert; 8.30pm; May 31

HAMBURG

EXHIBITION
Hamburger Kunsthalle Tel: 49-40-24882612
● Egon Schiele. Sammlung Leopold Wien: exhibition of works by Egon Schiele (1890-1918) from the Austrian Leopold Collection. The exhibited works represent all the artist's main periods of creativity and include such paintings as "Selbstbildnis mit Judenkindchen" and "Eremiten". The display also affords insight into the artist's work as a draftsman; to Jun 18

HANOVER

EXHIBITION
Sprengel Museum Tel: 49-511-168875
● Lyonel Feininger. Graphik aus der Sammlung des Sprengel Museum Hannover: exhibition featuring 11 watercolours and 39 prints by Lyonel Feininger, giving an overview of his artistic career. The works come from the permanent collection of the Sprengel Museum; from May 28 to Sep 1

HELSINKI

OPERA
Opera House Tel: 358-0-403021
● Le Nozze di Figaro: by Mozart. Conducted by Miguel Gómez-Martínez and performed by the Helsinki Opera. Soloists include Camilla Lundy, Juha Kottlunen, Antti Suhonen and Merja Wirkkala; 7pm; May 31

HOUSTON

EXHIBITION
Contemporary Arts Museum Tel: 1-713-525-0773
● Richard Long: Carlos Cycles Mud Stones: British artist Richard Long is renowned for his meditative walks which inspire his creation of artworks that evoke the surrounding landscape. For this presentation Long has created four works composed of regional materials, such as Santa Fe brick and Texas limestone. In addition to these works, the display includes photographs and text documenting the artist's walks through West Texas; to Jun 30

KOWLOON

CONCERT
Concert Hall Tel: 852-273-42819
● The Hong Kong Philharmonic Orchestra: with conductor Yip Wing-Sie, pianist Jean-Yves Tibbault, baritone David Wilson-Johnson, the Hong Kong Philharmonic Orchestra Chorus and the Hong Kong Academy for Performing Arts Chorus perform works by Sibelius, Grieg and Walton; 8pm; May 31

LILLE

CONCERT
Opéra de Lille Tel: 33-20 06 88 04
● Leonora (Fidelio): by Beethoven. Concert performance by the

Orchestre Révolutionnaire et Romantique and the Monteverdi Choir, conducted by John Eliot Gardiner. Soloists include Hillevi Martinpelto, Albert Bonnemant and Gert Smits; 8pm; May 31

LISBON

CONCERT
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131
● Anthony Rolfe-Johnson: accompanied by pianist Graham Johnson. The tenor performs songs by Purcell, Schubert and Britten; 8.30pm; May 27

LONDON

CONCERT
Barbican Hall Tel: 44-171-6388891
● The Royal Philharmonic Orchestra: with conductor Daniele Gatti and soprano Amanda Rooftop perform works by Schubert, Beethoven and Mahler; 7.30pm; May 30

EXHIBITION
Royal Academy of Arts Tel: 44-171-4397438
● Gustave Caillebotte 1848-1894: The Unknown Impressionist: exhibition featuring works by the French Impressionist painter Caillebotte. A man of means, Caillebotte was a respected botanist, yachtsman, philatelist and a collector of his fellow impressionists' work, activities that have tended to overshadow his achievement as a painter; to Jun 23
Tate Gallery Tel: 44-171-8878000
● Marlene Dumas: exhibition of works by the Dutch artist structured around three main themes: The Absent Lover, The Perfect Lover and The Daughter. The display includes large multi-part drawings of the heads that are also a central feature of many of Dumas' paintings.
These ink and wash works are hybrids. They integrate people the artist knows with images drawn from elsewhere and are thus not portraits in the conventional sense. On the contrary, they should be viewed as picturing states of mind or being; to Jun 30

OPERA
London Coliseum Tel: 44-171-3380111
● Ariadne auf Naxos: by Handel. Conducted by Ivor Bolton and performed by the English National Opera. Soloists include Ann Murray, Joan Rodgers and Christopher Robson; 7pm; May 30
Royal Opera House - Covent Garden Tel: 44-171-2129234
● Die Entführung aus dem Serail: by Mozart. Conducted by Colin Davis and performed by The Royal Opera. Soloists include Eva Mei, Inger Dam-Jensen, Kurt Streit and Peter Brondier; 7.30pm; May 29; Jun 1

POP-MUSIC
Royal Festival Hall Tel: 44-171-9604242
● Shirley Bassey in Concert: performance by the British singer; 8pm; May 30, 31; Jun 1

LOS ANGELES
Dorothy Chandler Pavilion Tel: 1-213-872-8001
● Madama Butterfly: by Puccini. Conducted by Richard Buckley and performed by the Los Angeles Opera.

Soloists include Verónica Villalón, Luis Lima, Rodney Gilroy and John Atkins; 7.30pm; May 28, 29; Jun 1 (2pm)

LUBECK

CONCERT
Musik- und Kongresshalle Tel: 49-451-7004115
● NDR Sinfonieorchester: with conductor Georges Pretre perform works by Brahms and Dvorák; 7.30pm; May 28

MADRID

EXHIBITION
Fundación Juan March Tel: 34-1-4354240
● Contemporáneos Fondos de Colección: exhibition of 21 paintings by contemporary Spanish artists from the museum's collection. Artists represented include Antoni Tapies, Manuel Millares and Miquel Barceló; to Jun 16

MILAN

OPERA
Teatro alla Scala di Milano Tel: 39-2-72003744
● Das Rheingold: by Wagner. Conducted by Riccardo Muti and performed by the Opera Teatro alla Scala. Soloists include Kim Begley, Viktoria Loukianetz, Monte Pederson and Heinz Zednik; 8pm; May 30; Jun 1

MUNICH

EXHIBITION
Villa Stuck Tel: 49-89-4555510
● Franz von Stuck und die Photographie. Inszenierung und Dokumentation: this exhibition focuses on the photographic studies made by Franz von Stuck in preparation of his paintings. The display includes some 300 original photographs made by Von Stuck between 1889 and 1925; to Jul 7

NANTES

EXHIBITION
Musée des Beaux-Arts de Nantes Tel: 33-40 47 65 65
● Henry Moore - L'Expression première, dessins, plaques et taille directe: retrospective exhibition devoted to the British sculptor Henry Moore (1898-1980). The display features 120 works created between 1921 and 1982, including 40 drawings and 80 sculptures. After the showing in Nantes the exhibition will travel to Mannheim; to Sep 2

NAPLES

OPERA
Teatro di San Carlo Tel: 39-81-7972111
● La Traviata: by Verdi. Conducted by Daniel Oren and performed by the Teatro di San Carlo. Soloists include Giuseppe Giuseppone Sabbatini and Paolo Coni; 8.30pm; May 28, 31 (7.30pm)

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-875-5030
● New York Philharmonic: with conductor Murt Masur and cellist Lynn Harrell perform works by Bloch and Bruckner; 8pm; May 30, 31 (11am)

EXHIBITION
The Pierpont Morgan Library Tel: 1-212-885-0008
● Being William Morris: A Centenary Exhibition: exhibition seeking to show a picture of William Morris in his various manifestations and careers: poet, novelist, illustrator and collector, among others. The display includes a widely diverse group of objects, ranging from books and bindings to wallpaper and fabrics; to Sep 1

PARIS

CONCERT
Salle Pleyel Tel: 33-1 45 81 53 00
● Maurizio Pollini: the pianist performs works by Debussy and Chopin; 8.30pm; May 31

DANCE
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 95
● Symphonie No.8: a choreography by Maurice Béjart to music by Beethoven, performed by the Ballet de l'Opéra National de Paris and the Orchestre de Chœurs de l'Opéra National de Paris, conducted by Sebastian Lang-Lessing. Vocalists include soprano Sharon Coda, alto Hélène Perraguin, tenor Stefan Margita and bass Ronnie Johansen; 7.30pm; May 28, 30; Jun 1

EXHIBITION
Galerie Nationales du Grand Palais Tel: 33-1 44 13 17 17
● Corot: retrospective exhibition devoted to the work of this French painter of landscape and portraits (1796-1875). The display includes some 150 works from European and American collections; to May 27

PHILADELPHIA

EXHIBITION
Philadelphia Museum of Art Tel: 1-215-763-8100
● Cézanne: an international loan exhibition spanning the career of Paul Cézanne (1839-1906), organized by the Philadelphia Museum of Art in collaboration with the Réunion des Musées Nationaux/Musée d'Orsay in Paris and the Tate Gallery in London. The display includes some 100 oil paintings, 35 watercolours and 35 drawings from public and private collections; from May 30 to Sep 1

ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611054
● Orchestra dell'Accademia di Santa Cecilia: with conductor

Herbert Blomstedt and violinist Gil Shaham perform works by Haydn, Mozart and Schubert; 5.30pm; May 26, 27 (9pm), 28 (7.30pm)

SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall Tel: 1-415-884-6000
● San Francisco Symphony: with conductor Michael Tilson Thomas, soprano Marina Shaguch, mezzo-soprano Florence Quivar and tenor Thomas Moser perform works by Ruggles, Ives and Mahler; 8pm; May 28, 30, 31

EXHIBITION
SFMOMA - Museum of Modern Art Tel: 1-415-357-4000
● Frida Kahlo, Diego Rivera, and Mexican Modernism from the Jacques and Natasha Gelman Collection: the Jacques and Natasha Gelman Collection of modern Mexican painting spans the years 1915-1989 and includes works from such artists as Frida Kahlo, Gunther Gerzso, José Clemente Orozco, Diego Rivera, David Alfaro Siqueiros, Rufino Tamayo and Angel Zárraga. Multiple portraits of Mrs Gelman provide interesting comparisons of artists and eras of art. The display includes 58 works; to Sep 8

STOCKHOLM

OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
● Die Tote Stadt: by Korngold. Conducted by Leif Segerstam and performed by the Royal Swedish Opera. Soloists include Thomas Sunnegårdh, Katarina Dalayman and Anders Bergström; 7.30pm; May 30

TOKYO

CONCERT
Suntory Hall Tel: 81-3-35751001
● Orchestre National de Lyon: with conductor Emmanuel Krivine and violinist Gidon Kremer perform the overture to Glinka's Ruslan and Lyudmila, Tchaikovsky's Violin Concerto and Favel's Le Tombeau de Couperin; 7pm; Jun 1

VIENNA

CONCERT
Musikverein Tel: 43-1-5058681
● London Symphony Orchestra: with conductor/pianist André Previn and soprano Kiri te Kanawa perform works by Vaughan Williams, Mozart and Dvorák; 7.30pm; Jun 2
Theater an der Wien Tel: 43-1-58850237
● Erwartung, Begleitmusik zu einer Lichtspielkunst, Verklärte Nacht: a combination of music theatre, film and dance, based on music by Schoenberg, created by director Klaus Michael Gröber and choreographer Anne Teresa de Keersmaeker in collaboration with Antonio Pappano, who conducts the Orchestre Symphonique de la Monnaie and soprano Anja Silja. Dance is performed by Röss; 8pm; Jun 1, 2

EXHIBITION
Kunsthistorisches Museum der Bank Austria Tel: 43-1-5320844
● Van Gogh and the Hague School: this exhibition pursues the links between Van Gogh's early work, created in The Hague, Drenthe, Nuenen, Antwerp, Amsterdam and Paris between 1881 and 1886, and the work of the Hague School. The beginnings, breakthrough and triumph of this group of artists were experienced at first hand by Van Gogh during his apprenticeship in the art dealing business. The display places some 90 paintings, drawings and lithographs by Van Gogh in juxtaposition to approximately 70 works by artists of the Hague School, such as Mauve, Israels, Weissenbruch and the Maris brothers; to May 27

OPERA
Wiener Staatsoper Tel: 43-1-51442660
● Ariadne auf Naxos: by R. Strauss. Conducted by Horst Stein and performed by the Wiener Staatsoper. Soloists include Ann Murray, Natalie Dessay, Deborah Voigt and Wolfgang Schmidt; 7.30pm; Jun 1

WASHINGTON

EXHIBITION
National Gallery of Art Tel: 1-202-7374215
● In the Light of Italy: Corot and Early Open-Air Painting: the achievements of the international group of painters who assembled in Rome and southern Italy at the end of the 18th century and the early years of the 19th century are presented through 120 paintings. An important feature of the exhibition is a selection of 20 of the finest Italian sketches and small finished view paintings by Corot in the context of plein-air painting in the early 19th century; from May 28 to Sep 2

ZURICH

OPERA
Opernhaus Zürich Tel: 41-1-268 6666
● Ariadne auf Naxos: by R. Strauss. Conducted by Ralf Weikert and performed by the Oper Zürich. Soloists include Gabriele Lechner, Edita Gruberova, Stefania Kaluza and Frederic Kalt; 7.30pm; May 29
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Chess, Bridge and the Crossword are on Page II



James Morgan

Squabbles in the common kitchen

The main ingredient in the latest row might be British beef – but that is just camouflage

If you want to while away those hours in traffic jams or trains, try this: compose an editorial that might have appeared this week in the British newspapers *The Sun*, *Daily Mail* or *The Times*. If France had decided to paralyse the European Union because Britain had banned the import of one of its food products, "Keep filthy foreign food off our shelves" would have been a temperate line.

British leader writers always rise to such occasions. By comparison their continental counterparts seem all too prepared to allow reason and fairness to intrude. But this week, *Le Journal du Centre* managed something beyond the wit of any Englishman: "One might

think that Jove (sorry, Zeus or Jupiter if you wish) had a real penchant for horned beasts because he gave himself the chance of transforming Io, daughter of Inachos, into a heifer. That was for the same libidinous motive that made the god of gods drop poor Europe in the manure... By Jove! England, with its cattle, its gelatin, its tallow and its... sperm, is it not going to force to ruminate on Greek mythology a Europe which can do no more?" Don't worry – it makes no sense in French either.

Another paper from this bit of *France profonde* said some kind of solidarity with the British might seem right, but: "Unfortunately, one cannot think that Britain's European partners are going to

take any risks with public health for the beautiful eyes of John Major."

In Germany the talk was tougher. From the Ruhr, the *Westdeutsche Allgemeine Zeitung* said the British prime minister's declaration of last Tuesday was the "high point of an unparalleled political campaign against Europe". If London were to make reasonable proposals, they would be received rationally.

But its conclusion could make a true Eurosceptic foam at the mouth. If he were not already: "There is no reason to become infatuated by British excitement, just as we should not allow ourselves to be blackmailed. The view that must be established in London is that the

future can only be European."

Curiously, in Bonn the *General Anzeiger* came to the opposite conclusion: "If there is no common solution, the beef war could end up by driving the British out of the common home."

We all sometimes forget that the war is not really about beef, it is about Europe. The press and politicians in Britain never attack the US or Canadian bans, and that is not just because the most powerful newspaper proprietors come from there. Everybody knows that were the Euro-bans to be lifted today British steaks would not be the preferred choice of the global consumer. Nor would the British show their gratitude by taking the lead in the "construction of Europe."

The row is about the "common home" which the Brits want to knock down. It exists, and that is why the beef market has been undermined in Germany, Italy and elsewhere. Consumers make little distinction today about the national origin of a "European" product. This is particularly so in Britain, where people cheerfully drink a Rioja with their spag bol and wash a nice bit of brie down with some port.

Is it because the British are so cosmopolitan, shall we say, that the need for patriotic assertion grows more powerful? They and their leaders resolutely define themselves in terms of not being European and Europe has now become more than ever a them-

and-us question.

Many other countries have found their membership of the EU brings problems, most Austrians wish they had never joined. But they are not worried about foreign domination and being swindled. It is just that the Euro-system does not bring anticipated benefits. The British speak of sovereignty and of being pushed around. In the face of that, arguments about the rights or wrongs of joining the single currency, and fighting back over beef or whatever, are largely camouflage. The reality is the one General de Gaulle perceived more than 30 years ago when he kept Britain out.

James Morgan is BBC World Service economics correspondent.

Royalty

A monarch among equals

Christian Tyler on the king accepted by Sweden's egalitarians

That the hereditary principle should be tolerated in Sweden, usually seen as the most egalitarian of the European monarchies, is one of the big paradoxes of the European monarchy.

So automatic has the Swedes' acceptance of their royal family become that Professor Olof Ruin, their foremost political scientist, laughed when first asked to explain it: "I've never even been asked about the monarchy before," he said. "Oh yes," he corrected himself. "There was one occasion – for British television."

Ruin, professor emeritus of government at the University of Stockholm, was only echoing the country's politicians and citizens when he said that so long as the monarchy functioned well the political effort involved in abolishing it was simply not worthwhile.

Even former communists who belong to the renamed Left party, have no appetite for the struggle. Björn Samuelson, chairman of the parliamentary party's 22 MPs, said that not only supporters but even some party members were sympathetic to the king.

"If we went into the next elections with a priority plan to make him unemployed, they would ask us if we were feeling ill," he said.

Sweden's attachment to socialism has made an impact, however. For King Carl XVI Gustaf is the least powerful monarch in Europe.

In 1976, after many years of debate, the constitution was rewritten to render the monarchy largely representative and symbolic. The king is denied the role, commonplace in other European monarchies, of acting broker in the formation of government coalitions and rubber-stamping bills before they pass into law. All that remains for him as head of state is to open the Riksdag (parliament) once a year, to chair his information meetings with the cabinet and a government-parliamentary advisory committee on foreign policy.

As far as its monarchical elements were concerned, constitutional reform was a compromise. The present king's grandfather and predecessor, Gustaf VI Adolf, (his father died young) was a moderniser. He thereby succeeded in saving the monarchy from those in the Social Democratic Party (SDP) who wanted to carry out party policy and abolish it entirely. Today, the SDP – still in government after more than 50 years – has quietly let the matter drop.

There are other reasons for the unexpected passivity of the Swedes in the face of the hereditary principle.

For a start, they are used to it. Although the present dynasty springs from Jean Baptiste Bernadotte, one of Napoleon's marshals,

the monarchy is reputedly more than 1,000 years old. Second, it has never enjoyed absolute power. Kings were subject to election throughout the Middle Ages, and there was a parliament of sorts as long ago as the 15th century.

Even today the royal family, unlike its British counterpart, is not at the apex of the class pyramid. The head of the royal household described it as "the world's most open court".

For a former communist, Samuelson is remarkably tolerant of that court. He said he had never turned down an invitation to a royal function on ideological grounds. "In principle, this kind of succession must be wrong," he added. "It's inhumane for the person who is born to succeed."

"But personally, I don't feel too strongly about it. Except that they are expensive. Maybe we should privatise them a bit – get some business sponsors!"

The monarchy is relatively costly

One of the family's greatest assets is Victoria, crown princess. But she is now in 'the risk zone'

in per capita terms. The family is voted an allowance of about SKr30m (£3m) a year in a country of under 8m people, while the upkeep of palaces and their contents – not owned by the family – costs another SKr40m. But the monarchy is taking its share of public spending cuts.

As for Samuelson's privatisation joke, it is not entirely frivolous. For one issue currently exercising the lord chamberlain – known in Sweden as "marshal of the realm" – is the growing pressure on the king from commercial concerns to lend his name and presence to their marketing campaigns.

Another safeguard is that the family is notoriously scandal-free, according to journalists in Stockholm. "They don't mess up, get drunk, or use drugs," said one.

Indeed, Carl Gustaf keeps a profile so low that he is usually described as "dull" or "boring". The Norwegians next door are ruder about him: they call him "Silvia's husband" to imply that it is his German-born queen – Silvia Sommerlath, the good-looking industrialist's daughter brought up mainly in Brazil – who wears the trousers.

"I don't think this is so," said Mickie Jaresand, a senior editor of *Expressen*, the popular evening newspaper. "But I would say Silvia is the more popular, despite being a

foreigner in a country that doesn't like foreigners."

Yet last month when the king celebrated his 50th birthday tens of thousands turned up to cheer him at the palace, bringing traffic in Stockholm to a halt. Most of the reigning kings and queens of Europe turned up to his party. As *Hellö* magazine lovingly recorded, Juan Carlos and Sofia of Spain were there, Albert and Paola of Belgium, Margrethe and Henrik of Denmark, the Grand Duke Jean of Luxembourg and his grand duchess, Harald and Sonja of Norway and Prince Philip from Britain. The celebrity guest was the king's favourite singer, Sten Sten.

Carl Gustaf enjoys elk-hunting, skiing and scientific matters. He has been world president of the boy scouts and national president of the World Wide Fund for Nature. In spite of his reputation for dullness, he managed to create controversy two years ago when he was asked what he thought about the Norwegians' culling of baby seals. He is supposed to have replied that a prime minister who couldn't look after baby seals couldn't be much good at taking care of a country. The *gaffe* delighted Swedes and enraged the Norwegians.

Whether this was a slip of the tongue or deliberate is not known. Carl Gustaf has also been reported as suffering from mild dyslexia; journalists noticed that he had misspelled his own name when signing his accession document.

Yet for all this the monarchy enjoys around 80 per cent support in public opinion polls and the king was second only in personal popularity to the industrialist Petr Gyllenhammar when the latter was chairman of Volvo.

One of the family's greatest assets is Victoria, the crown princess, who has been brought into the limelight with her 18th birthday last July. She, rather than her younger brother Carl Philip, is the heir thanks to a 1980 change in the Act of Succession allowing the first-born of either sex to sit on the throne. (Carl Philip was born a few months before the change in the law, so was briefly Crown Prince himself.)

Victoria received rave reviews for her conduct at a recent Nobel Prize dinner and for the way she charmed the crustier laureates. Her speeches at the opening of parliament and on her own birthday also went down well with press and broadcasters.

However, having more or less left her alone while she was growing up the newspapers now regard her as "in the risk zone", according to the ominous phrase used by Jaresand of *Expressen*. "She seems to be sociable and to enjoy life," he said. "And that could lead to something."

"But we want her to do the things that normal girls do. We would not



King Carl XVI Gustaf, Europe's least powerful monarch, with daughter Victoria at the 1995 Nobel Prize dinner

be malicious about her." The newspaper, which is having to fight for readership, is thinking of appointing a palace-watcher and looks forward to the day when it can publish the first picture of Victoria kissing her rumoured boyfriend.

Sweden's royals have played their cards well. "They are making very good PR for themselves," said Samuelson.

Yet the question remains why the citizens – particularly of north European countries – are so keen to retain their kings and queens. Samuelson thinks the answer has more to do with psychology than with politics. "So I am not qualified to answer it. But the fact that they are a family must be relevant. Every human being grows up wanting a sense of structure. It's the same in a community."

"The only way he could imagine the monarchy disappearing was if Carl Gustaf's three children – Victoria, Carl Philip and Madeleine – all decided to waive their rights of succession in the hope of enjoying a normal life."

Whatever the answer, it is clear that Swedes – in common with other Europeans – regard a dynastic family, born, bred and schooled for the job, as the most desirable symbol of their nationhood.

"It is a paradox," agreed Ruin. "It doesn't hurt and it's rather fun to have this sort of ceremony. And if the genes work well, OK. But it's a risky business to be dependent on genes."

Next week: Norway – royal symbol of independence

motives of the heart are even more important than what people do. It is hard, therefore, to see how the desires of the gay person's heart suddenly become wrong when they are expressed in action. Personally, and outside the Church it is hardly a startling conclusion, I believe that a range of sexual orientation is part of the richness and the variety of human life, and that gay people living with partners in settled, faithful relationships should be fully accepted.

I once attended a discussion led by two gay men. After a brief introduction, the first contribution was offered by a woman who was frank about her prejudice. "Whatever you say," she said, "the thought of two men in bed together just disgusts me. I can't get beyond that."

Her daughter was more threatened by the thought of two women in bed. Her husband seemed entirely sanguine, though it was always possible that he was the most prejudiced of the three. "I don't care what they do together," he said, "so long as no one makes it compulsory."

Peter Aspden In the mood for a party?



Apocalyptic predictions are spoiling the build-up to England's biggest party since *Waterloo*. *Sunset* topped the charts.

Although Euro 96 is being promoted as a wholesome festival of fun, there are those who fear that there will be blood, rather than dancing, in the streets.

The most pessimistic commentators this side of Schopenhauer talk in terms of sieges, ambushes, massacres. Police spokesmen employ that confident-but-not-complacent tone they reserve for impending state visits. Nervous are jangling. The party is being pooped before it starts.

In search of relief, I travelled to Wembley to see England's last warm-up match against Hungary, just to get into the swing of things. But coming out of the underground station, I felt I had misread my party invitation. "Football Comes Home", it said. What, here?

I looked for some sign of exuberance, someone hanging up a piece of bunting perhaps; but nothing. Just police officers, and a small group of semi-drunken adolescents singing "No Surrender to the IRA", a chant which must have struck terror in those visiting Hungarians. We all trudged in the weak drizzle, up Wembley Way, towards

If you have a party at home, you spend some money getting things right: you set the mood, you are in control

Those Famous Twin Towers. Not too much to shout about: beefburger butts, a couple of souvenir stalls which had decided to collectivise themselves into "Wembley Village", a few lads urinating against a wall. Look right and left from Wembley Way (routinely labelled as "historic" and "inspiring" by commentators brought up in the Erich Honecker school of architecture appreciation) and all you see is industrial units in flattened, 1970s tones of pigeon-grey. Much of the surrounding area looks abandoned, or provisional.

Nearer Those Famous Twin Towers, the unmistakable smell of football – a swirl of cigarettes, beer, over-cooked onions and urine – gets stronger. There are a couple of flags marking the proximity of Euro 96, but I still felt I had turned up in the wrong year.

I guess you should not expect chablis and truffles at a football match. But the point is this: if you want to have a party at home, then you spend some money getting things right. Unbreakable plates from the supermarket, sale-or-return Bulgarian Chardonnay, Astrud Gilberto's Greatest Hits. Set up the mood – you are in control.

Quite what kind of mood Wembley Stadium footballing shoppies of the nation, remember is establishing for Euro 96 is a mystery to me. But it does not feel much like a party.

I remembered turning up in Turin during the World Cup of 1990 to see the Brazil-Scotland game in that city's breathtaking, brand new Stadio delle Alpi. After the match, a bitterly disappointing defeat for the Scots, the city's elegant Piazza San Carlo, immaculately prepared for the occasion, played host to thousands of supporters. The sounds of sax and bagpipes merged in unlikely harmony. It felt as violent as a Viennese ballroom dance.

I did not actually see anyone hit anyone else last Saturday. But Wembley felt violent. There was violence in the chants, in the leers on the faces. In the spray-marks of urine, above all in the gruesome, ugly walk to and from the game. This is not an atmosphere to encourage peaceful celebration, cross-cultural harmony, mutual understanding.

Intriguingly, once inside a full Wembley Stadium, there is a potent magic in the air. It may even be unique. But the ramifications of a football match last longer than 90 minutes. It is important to get the before-and-after right. Imagine you are Turkish, and you have young children with you, and your team has just beaten England in a controversial climax to the Euro 96 semi-final at Wembley. Just try taking your innocent glee for a jaunty walk down Wembley Way.

I happen to think that the bloodbath predictions for this summer's tournament are largely unwarranted. But it would help if it looked as though we were expecting a party. The image of England is about to come under unprecedented scrutiny. Some 7bn television viewers are about to see the view from Wembley Way – and it looks like football is coming home to a place that does not care any more.

Truth of the Matter / Philip Crowe

Gay policy cannot stay closeted

Lord Runcie, formerly his grace of Canterbury, is an officer and a gentleman, and it is wholly uncharacteristic for him to creep out at night and dig up the pitch on which his successors are struggling to play. But that is precisely what he has done.

By admitting, publicly and unequivocally, that he has ordained gay men who were living with a partner, he has made it much harder for his successors to play what in this context may appropriately be called a straight bat. By describing the Church of England's present policy as "indiscreet", he has hastened a much-needed rethink.

That policy is based on a wink and a nudge. The wink is given by some bishops to gay ordinands living with a partner. "Be discreet," they say. "Don't cause a scandal, and whatever you do together, don't tell me about it. Then I can officially deny it."

The fudge is that lay people may enter into gay partnerships, provided only that they recognise they

are thoroughly inferior to properly married people and do not expect the Church to celebrate their relationships. But gay clergy are officially expected to remain celibate; unless, that is, they can find a bishop who is either sympathetic or dishonest, or both. Stated thus the crudely, Runcie's use of the word "indiscreet" seems fair.

It never used to be like this. The Christian attitude to homosexual behaviour has been remarkably consistent for the past 2,000 years. Homosexual acts have always been declared sinful and those found guilty have been rigorously punished. The death penalty used to be common for all manner of offences, but even so, more men were condemned to death for sodomy than for murder in London in 1026.

Today there are, to my know-

ledge, only two UK organisations left in which gay partnerships between consenting adults are not officially tolerated, the Armed Forces and the Church.

Opposition not merely to gay partnerships, but to homosexuality itself, is hardly surprising in the forces. One of the ways in which an organisation maintains a clear identity and well-defined boundaries is by controlling what its members can do with their bodies, by dressing them in uniform, marching them round parade grounds, and insisting on certain standards of behaviour.

Viewed rationally, gay people pose no more of a threat to the integrity of the armed services than promiscuous heterosexual men; but this is not a rational matter. Subconsciously, the behaviour

of gay people is used as one of the markers, defining the boundaries of military society. Moving those markers poses a deep threat.

Opposition to gay partnerships in the Church is more complex. The deep ambivalence of the Church towards sex surfaced in an extraordinary way in a General Synod debate on homosexuality in 1987. One splendid cleric proposed an amendment which commended lifelong virginity as the ideal sexual ethic, and urged all Christians to remember the teaching of Tertullian, Clement of Alexandria, Cyprian and Jerome, on the ground that these fathers of the early church were unanimously of the opinion that "an orderly sex life is inferior to no sex life at all". Having excited everyone with an elegant and learned speech in favour

of his amendment, the cleric then withdrew it.

Grudgingly, the Church has recognised that an inferior sex life is a crude necessity "for the procreation of children".

But since its approval of birth control, reluctantly, in the 1930s, the Church has been forced to recognise that sexual activity is primarily for relational purposes, and only secondarily for procreation. The consequences of that for gay partnerships are only now being recognised.

Unlike the writers of the Bible, we know that some people are gay by nature, and most people accept that to be homosexual is not wrong in itself. Opinion is divided on homosexual behaviour. But one of the most distinctive aspects of the teaching of Jesus is that the

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In the Pink

Company	Price Dec 31 1990 \$	Yield % *	Total return 1990-95
Phillip Morris	87M	5.7	62.7%
Morgan, J.P.	28M	5.3	48.2%
Bank of America	50M	5.2	47.2%
Exxon	50M	4.9	38.5%
Chevron	44M	4.1	21.5%
Woodworth	15	4.0	-1.9%
Sears, Roebuck	46	3.5	71.4%
Ermenegildo Zegna	47M	3.4	43.7%
DuPont, E.I.	56M	3.3	27.8%
McMillan	59M	3.3	27.8%
Woolston	15	4.0	-9.3%
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Weekend Investor

Wall Street

The Dow defies its critics, 100 years on

But Maggie Urry wonders if the legendary Magellan fund has much longer to go

When the Dow Jones Industrial Average enters its second century on Tuesday, the venerable index will be trading at or near a record high. A fitting accomplishment.

Yet, the Dow has many critics. They say that, because it contains only 30 stocks, it is too narrow an index and is underweight in important sectors. And, they add, it is calculated in an old-fashioned and simple way (100 years ago they did not have the luxury, if that is the word, of computers).

It does not take account of the different sizes of the companies in the index. But, because it is price-weighted, a 1 percentage point move in a big share price - like United Technologies, which yesterday was trading at over \$110 - has a much greater effect on the index than a similar change in a small share price (such as Bethlehem Steel, trading at \$13).

Traders who invent clever computer models scorn the Dow and favour the broader S&P 500 or one of the multitude of other indices. Likewise, investment managers compare their performance with the S&P 500, Russell 2000, or whatever they consider the relevant benchmark.

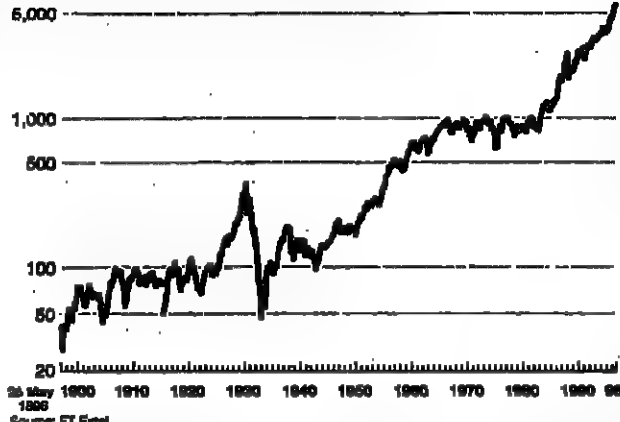
Yet, the Dow has its adherents, too. Leszek Birlin, of Birlin Associates, says the Dow is the measure to which most people refer when talking about the market. "It's like a sailor," he says. "They can have all the sophisticated celestial navigation systems - but they also have the compass."

This week, however, has demonstrated some of the limitations of using the Dow. On Monday, news that Iraq had come to an agreement with the UN on an oil-for-food deal saw the oil prices shoot up. The three oil stocks in the index leapt with it and took the Dow up more than 60 points to a record.

On Thursday, the Dow reversed from a near-50 point fall to show a net loss for the day of only 16 points, largely because of a sudden jump in the price of Philip Morris. That stock added 9%, or 6 pence, on the day when an appeal court in New Orleans threw out the class action suit against the tobacco companies. This lawsuit would have allowed millions of cigarette

The Dow: what an innings

Dow Jones Industrial Average Index (Semi-log scale)



smokers to band together and sue the tobacco industry for billions of dollars, so the court ruling lifts a massive cloud from the companies.

There was another aspect to Thursday's fall. The market was stunned when Jeffrey Vinik resigned as manager of Fidelity's Magellan fund, the largest mutual fund in America with assets of \$60bn.

When the news came through, a minute or two after 10am, the Dow fell and bond prices dropped. The question for the markets was: would the fund's new manager, Bob Stansky, reverse the extreme position Vinik had taken and sell the cyclical stocks and bonds with which he had filled the portfolio.

The share prices of eight of the Magellan fund's top 10 holdings fell on Thursday in anticipation of an expected disposal programme once Stansky takes over next month. Similarly, the bond market was concerned that Vinik's \$10bn of Treasury securities might hit the market, too.

This column makes no claim to prescience in having written about Vinik's poor recent performance only last week. His resignation was not at all expected, and both he and Fidelity denied that he had been encouraged to leave.

But while Fidelity could have ridden a period of underperformance from its best known fund, it could not tolerate for long the bad publicity it was getting. In April, the fund, accustomed to regular inflows of new money, apparently suffered an outflow. The 4.3m investors in it were beginning to vote with their feet. And, since Vinik plans to set

up his own investment management firm, it would make sense for him to keep his reputation as an investor as intact as possible.

Now, the Wall Street guessing game is what Stansky might do with Magellan - and will Fidelity close the fund? There are clues to be found in the portfolio Stansky is running now.

His Growth Company fund had a 21.1 per cent weighting in technology at the end of March (the most recent published figures) whereas Vinik had slashed the Magellan fund's technology weighting to 3.6 per cent.

Stansky's second largest sector position was in finance stocks, with 12.9 per cent of the equity portfolio, while Vinik had cut finance to 8.1 per cent. Stansky's fund totalled a mere \$8bn, one-seventh the size of Vinik's. While Fidelity watchers believe Stansky can cope with the much larger size, there remains the suggestion that Magellan is just too big to manoeuvre.

Yet, that is hardly borne out by recent experience. What did for the fund's performance lately was the enormous shifts in assets Vinik achieved, often without the market realising until later.

Vinik might look like the fictional schoolboy Billy Bunter, the Fat Owl of the Rensselaer, but he was certainly nimble on his feet.

Dow Jones Ind Average

Monday	5,748.82 + 12.34
Tuesday	5,736.26 - 12.66
Wednesday	5,778.00 + 41.74
Thursday	5,782.12 - 15.89
Friday	

London

The drugs company on a high

Philip Coggan sees euphoria, followed by a dose of reality, at British Biotech

It was a good week for the drugs sector. Not so much in terms of the corporate results that were announced, but in terms of the extra supplies of Valium that would have been needed by shareholders in British Biotech.

An announcement was expected on Tuesday about the second phase of trials on the company's anti-cancer drug, marimastat. Traders anticipated good news and duly pushed the shares up 18p on Monday, breaking through the £20 barrier on the way. Not bad for a share which traded at 462p as recently as last July.

On Tuesday, the results duly came out and were as promising as anybody could have expected. The shares rose 75p in early trading, touching £38, before settling 28p higher at 3.315p. But then, perhaps, a dose of reality started to enter investors' heads.

There is still another phase of trials to go through, includ-

ing the need to get approval from the US Food and Drug Administration, before the drug can hit the market. Drugs have tripped at this final hurdle before.

Moreover, there is a modest problem in valuing British Biotech: there are no sales, no profits, no dividend, and no prospects of such things for several years. Nevertheless, by Tuesday night, the company had a market capitalisation of £1.9bn (more than W.H. Smith) and was a candidate for inclusion in the FT-SE 100 index.

Even more than usual, therefore, putting the right share price on British Biotech is a case of closing your eyes and sticking a pin in a piece of paper. Sentiment and momentum can be the most important factors.

Thus, once the shares retreated from their highs, there were plenty of people ready and able to take profits. The shares lost 25p and 90p on Wednesday and Thursday respectively, by Friday morn-



British Biotech investors needed a clear head this week

ing, they were more than £9 below their brief Tuesday peak.

Elsewhere in the market, there was a mood of caution throughout the week with a sense, from early on, that traders were eager to get away from the bank holiday weekend.

Rumours of substantial rights issues kept dealers cautious and two property companies did announce cash calls, but neither issue was big enough to disturb the market. The expected placing of Standard Life's stake in Bank of Scotland, which should be worth around £1bn, will be a much bigger test.

A sunny international climate did not relieve the mood. Wall Street was busy setting record after record but the FT-SE 100 index stayed doggedly in the middle of its recent 3,650-3,850 trading range.

Gilt remains a limiting factor. The yield on the benchmark 10-year issue is sticking doggedly above 8 per cent; the

long gilt/equity yield ratio hovers around 2.2, not its highest ever but well above the 2 level at which shares are traditionally regarded as cheap.

Political risk plays its part in keeping gilt yields high, of course, and might have been increased this week by the government's decision to disrupt the workings of the European Union in retaliation for the continued ban on beef exports. There was even talk of a "beef election", with the government tempted to seek a fresh mandate on the top of a wave of patriotic resentment against the Europeans.

Indeed, a few siren voices have actually begun to suggest that a Labour victory might even be good news for gilts, on the ground that a Tony Blair government would be more likely to join European monetary union. Political risk, therefore, might lie more in what the Conservatives will do in their efforts to get re-elected - perhaps in the form of economically unjustified cuts in taxation and interest rates - than in the programme of a Labour administration.

There is a general feeling that the economy is starting to pick up again after a slowdown in the second half of 1995, although this week's retail sales figures, which showed only an 0.2 per cent rise in April, did little to support the thesis.

Nevertheless, with the Budget tax cuts now in their pockets, and with mortgage rates at historic lows, consumers ought to be more willing to spend.

Certainly, the results and statements of the big retailers, which have been reporting

recently, displayed signs of improving confidence. Marks and Spencer produced figures at the top end of the forecast range; Kingfisher gave an upbeat trading update at its annual meeting; and Storehouse, while less bullish than the others, reported a 21 per cent rise in annual pre-tax profits.

Retailing stocks may have already priced in a revival, however; the sector is trading on a price-earnings ratio of around 19.5, well above the 16 rating of the FT-SE All-Share index.

Food retailers, after a long supermarket price war, are an exception: that sector trades on a multiple of just 14.4, but is starting to benefit from a series of broker upgrades as hopes rise for a pre-election consumer boom.

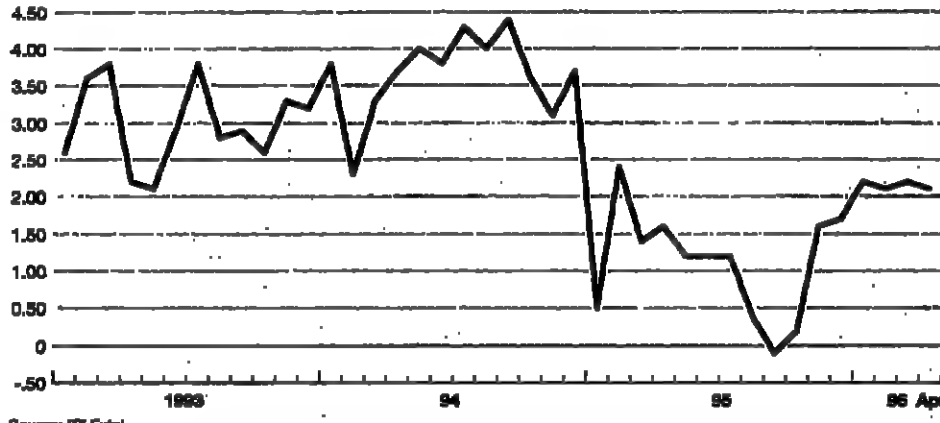
In general, the corporate sector seems in reasonable health. The four-week average of the dividend index - this column's indicator of corporate sentiment - remains solid at 68.1 per cent.

The index is calculated by subtracting the number of reduced payouts from the number of increased payments, and expressing the result as a percentage of the total of all announcements. It has hovered between the low 40 and high 60 per cent since the start of 1995.

Further dividend growth is certainly needed to justify the market's present rating. Longer-dated index-linked gilts - a virtually risk-free asset - are yielding more than equities at present, normally a bad sign for shares.

The return of the big spenders?

Retail sales volume (annual % change)



Highlights of the week

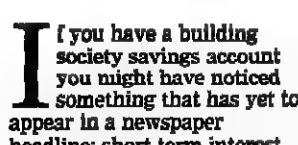
	Price	Change	52 week	52 week
	Today	on week	High	Low
FT-SE 100 Index	3762.1	-37.5	3867.1	3262.7
FT-SE Mid 250 Index	4480.0	-23.4	4588.8	3589.7
APV	70	-10%	97	60
Alphas	308	-30	349	182
BAA	408	-38	465	458
BAT Inds	821	+19	838	470%
Carpetright	598	+41	605	266
Courtaulds	448	-21	485	382
Jervis	90	+28	95	194
Marks & Spencer	408	+33%	466%	399%
Ochilum	97	+26%	100	38
Pillingdon	194	-11%	228	188
Railtrack (p/pd)	216	+28%	229	206
Tesco	288	+15	339	105

† Based on issue price to retail investors of 10p.

Barry Riley

The Old Lady's mortgage blues

There could be problems when the carpetbaggers move on



If you have a building society savings account you might have noticed something that has yet to appear in a newspaper headline: short term interest rates are falling. The Bank of England has now spotted this, too.

While it has been keeping its steady eye on chancellor Kenneth Clarke, who has an election to win (or, at least, to lose less than catastrophically), something has been going on behind the Bank's back. Building society savings rates have been slipping and the mortgage market is awash with special, cut-rate deals. All this has been happening while the Bank has been holding official market rates at 6 per cent since early March and long-term rates on government bonds have actually been rising.

This week, the Bank ventured a direct warning to the banks and building societies that they could be fuelling the next bad debt crisis in the housing market. In central banking lingo, they should "continue to assess carefully the terms on which they write business".

The underlying phenomenon here has been the development of a vast pool of cheap savings. One manifestation has been the uncomfortable acceleration of broad money growth to 10 per cent year-on-year, which is

embarrassingly fast when the Bank is supposed to be targeting an inflation rate of 2.5 per cent or less.

The immediate problem relates to the prospective demutualisation, followed by flotation or takeover, of a string of societies including the Halifax, which alone has retail deposits of £75bn (nearly 40 per cent of the building society total).

Where those demutualisations have been announced already, savings are, in effect, locked in for fear that the bonuses will be reduced, or forfeited altogether. The societies are proceeding on a leisurely timetable, covering the next year or more, and do not need to compete for new savings. Elsewhere, "carpetbagging" money is flooding into apparent takeover prospects.

During 1995, £13bn in net retail savings flooded into societies, far in excess of the £9bn demand for mortgages. Even the banks have been able to shade their savings rates downwards because competition from the societies has lessened.

This has all the makings of a typical British monetary accident. Vote-hungry Kenneth Clark is preoccupied with the "feel-good" factor that will be generated by rising house prices and the coming multi-billion pound wave of bonuses and free share handouts.

The Bank, for its part, can scarcely argue for higher interest rates when the economy at large is quite sluggish. But it does not have the levers to control the present monetary trends. We should not be starting from here. Once again, the underlying message is that the emphasis in British savings

The underlying phenomenon has been the growth of a vast pool of cheap savings

and mortgages must somehow be shifted to longer term interest rates, as is typical in other similar countries. Certainly, this needs to happen before the UK could ever safely contemplate adopting the single European currency.

The UK's two-year stay within the exchange rate mechanism between 1990 and 1992 was blighted by the very high short term interest rates imposed by Germany, which tipped the UK into a slump. Joining a European monetary union in present circumstances would have the opposite effect: it would trigger an inflationary boom in the UK because short term

interest rates in depressed continental countries such as Germany and France are heading below 3 per cent.

In fact, British savers already have a big incentive to move along what is, for the UK, a very steep yield curve. Instead of about 3 per cent on instant access savings, we can get more than 8 per cent gross on the government's long-dated gilts.

But the expected bonuses on the building society deposits are inhibiting any shift. Moreover, the whole savings culture of the UK is against it. Personal investors own only a trivial £20bn of gilts (although, attracted by the tax break, they have been buying corporate bond Peps).

This savings culture reflects long term experience. Post-war history shows, after all, that savers have been better off in the long run in short term accounts than in long term bonds. The returns have been just as good, and there is not the exposure to capital fluctuations which is involved in owning bonds.

Thus, the EZW Equity-Gilt Study shows that, during the past 50 years, the average annual real return on gilts has been fractionally below the 0.9 per cent on three-month Treasury bills. Equities, though, have given a vastly better real return than on either gilts or bills - 9 per cent a year.

History might be just

history, however. The wealth-destroying 1970s certainly happened, but should not distort our perceptions forever. Since 1980, gilts have returned usefully more than short term savings accounts. We have just begun to see a reasonable incentive develop in the yield curve, which has so often discouraged long term savers in the UK. On ERM entry day in October 1990, for instance, the average building society account returned 10.6 per cent after standard rate tax, but the corresponding net yield on gilts was only 6.5 per cent.

This certainly does not apply any more, for instance, next Wednesday the government will be offering £2bn of 25-year bonds to yield just under 7 per cent net, up from 6.1 per cent at the start of the year. But the availability of such rates is not so far draining the vast pools of cheap, short term savings. Those remain in place to generate a potential house price blip and cause nail-biting in Threadneedle Street.

The dangers are obvious. Buyers will be lured in by mortgages with temporarily cut rates and other bells and whistles such as cash-back offers, only to be trapped in a year or two when the carpetbagging depositors have moved on, loan rates jump and house prices retreat. But all this will happen safely after the next election.

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Offshore managed funds and UK managed funds are listed in Section One

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AMERICA
US

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Rockwell[illegible]

Electricity generators study 'radical option' UK may dispose of cattle remains in power stations

By George Parker in London and
Caroline Southey in Brussels

Britain's electricity generators are carrying out urgent tests for the government to see whether they can burn rendered bone-meat and fat from cattle carcasses in their power stations.

Mr Roger Freeman, the UK minister in charge of the BSE cattle cull scheme, said the British government was seeking "radical options" for disposing of cattle remains, to start easing a 150,000-tonne backlog of animals waiting to be slaughtered.

Meanwhile, Brussels played down the significance of the decision of Mr Jacques Santer, the European Commission president, to postpone a visit to Britain next month. An official said yesterday the decision was down to "diary pressures" and not as a consequence of Britain's programme of disrupting EU business.

National Power and PowerGen, Britain's two largest electricity generators, said yesterday they had been asked by the government to test whether rendered bone-meat and fat from cattle could be mixed with coal.

The tests, which will also assess the environmental impact of burning cattle, are expected to be completed within a fortnight. In an interview yesterday Mr

Freeman said: "There is no way we can use conventional incinerators because that capacity isn't available. We need to look at something radical, and we are trialling different incineration methods."

The issue was discussed yesterday by the new ministerial committee, headed by Mr Freeman, charged with restoring order to the cattle cull scheme, which aims to kill 750,000 cows and bulls aged over 30 months in the next 12 months.

Mr Freeman said only one cold store was in operation to hold slaughtered cattle waiting to be rendered down into bone-meat and tallow, but dozens more would be made available.

He added that ministers were also seeking dry storage capacity, including the use of military stores, to hold rendered bone-meat and tallow until incineration capacity was ready.

In a separate development yesterday Mr Douglas Hogg, UK agriculture minister, refused to resign over his handling of "mad cow" disease, or BSE. Many Tory MPs believe Mr Hogg has been sidelined by Mr John Major, the British prime minister.

On Tuesday, a group of experts from the EU will start a three-day visit to the UK to evaluate

progress in implementing measures to ensure beef is safe.

The seven, five from the Commission, one from Finland and one from Italy, will visit abattoirs, feed mills and cattle markets. "They will try to establish whether the rules are being respected," a Commission official said.

The team will examine whether meat from animals over 30 months is being kept out of the food chain and ascertain whether the ban on meat and bone-meat is being applied.

As the UK's policy of disrupting European Union business in protest at the beef ban continues, agreement is unlikely on a customs regulation, called Customs 2000, under which EU customs rules would be harmonised.

But at a council of ministers meeting on development issues on Tuesday, the Commission is expected to use a procedural loophole to ensure the UK does not block three measures relating to development aid.

The UK Ministry of Agriculture yesterday served papers in the European Court of Justice seeking an interim ruling on the legality of the EU's beef export ban, and asking for a partial or complete suspension of the ban.

Anglo-German row, Page 9

US agents go fishing for China connection in gun sting

By Christopher Parkes in
Los Angeles and agencies

When a shipment of 20,000 "fishing rod racks" was landed in California, two US undercover agents angling in the murky waters of the international arms market knew that they had made the China connection.

The agents, having received 20,000 bipods for Chinese assault rifles, then went after bigger game in Operation Dragon Fire. But the elaborate sting, the first of its kind to implicate China's powerful military industry, was apparently undone by loose talk in the ranks.

Seven arrests were made this week and US federal agencies allege that Chinese officials knew of illicit shipments to the US of 2,000 AK-47 assault rifles from two Chinese companies. But frustrated investigators had to cut short negotiations for surface-to-air missiles and even tanks.

Officials were concerned that reporters who had learnt of Operation Dragon Fire "from diplomatic sources" - and agreed to hold the story - would be unable to resist the attractions of the front page. The result was that seven alleged conspirators, including senior officials of the Chinese manufacturers involved, are still being sought.

Polytechnologies and state-owned Norinco, the two manufacturers implicated by the US authorities, yesterday denied any involvement. They dismissed the US claims as "sheer fabrication" or a "misunderstanding".

"This incident has nothing to do with us," said Polytechnologies, a subsidiary of China's main arms dealer, Poly Group Corp, headed by a son-in-law of senior Chinese leader Deng Xiaoping.

Although Wednesday's swoop captured a Mr Richard Chen, identified by the US officials as Norinco's US representative, officials claimed all the company's US staff were safe and untouched by the sting.

Three other executives wanted in the US and based in Norinco's plant at Dallas, northern China did not answer their telephones, although one, Mr Qin Qi Xiu was reportedly seen briefly in his office yesterday.

By effectively disowning Mr Chen, Norinco may raise a question mark over the precise roles of the Chinese nationals involved, clouding further the issue of whether smuggling allegations can properly be laid at the door of the companies and, by extension, the Chinese government.

The scope and nature of the operation also appears unclear, in spite of detailed disclosure documents released in San Francisco. The two US agents involved appear to have posed as go-betweens interested in supplying weapons to Californian gangs and Miami mobsters.

The stabilising groups arrived in California in early 1995.

THE LEX COLUMN

Tobacco's lucky strike

The failure of the Castano class action lawsuit is a significant victory for the US tobacco industry and should set the scene for a further recovery in tobacco share prices. The Castano action, dismissed on Thursday and apparently unlikely to be revived, was the largest and best funded of the class actions against cigarette manufacturers. The grounds given for its dismissal suggest that the two outstanding class actions also pose less of a threat.

Both Philip Morris and BAT Industries are trading on price-earnings ratios around 30 per cent below market average, compared with only narrow discounts in the early 1990s. And the growth prospects for the industry have substantially improved since then, following a successful push by the two companies into Asia and the former Soviet Union. Besides, the post-Castano rally has only taken share prices back to the levels seen when Liggett announced its intention to settle a lawsuit - and that represented a mere tactic in Liggett's attempts to merge with RJR.

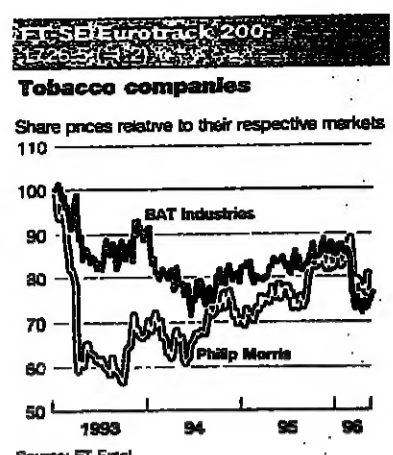
Nonetheless, while the tobacco companies have scored a great victory, the war is far from over. Seven US states are trying to claim back expenditure on healthcare for smoking-related diseases. And there is likely to be a proliferation of legal actions by individuals. These will pack a more limited financial and professional punch, but they could hit home. While no individual action could destroy the tobacco giants, the weight of numbers would provide a steady stream of worrying news to remind investors why some risk discount should remain.

FT-SE stocks

According to the conventional wisdom, entering the FT-SE 100 index is good news for a company's shares. More than 10 per cent of the UK market is held by index-tracking funds, so entry into the FT-SE should prompt increased demand for the stock. The theory is logical enough. However, this is not the way the market works. According to quantitative research by NatWest Securities, new components outperform the index ahead of entry but subsequently underperform, while stocks which drop out of the index tend to recover after relegation.

On reflection, this is no great surprise: remember the City adage that it is better to travel than to arrive. Stocks may be overbought in anticipation, and so lose momentum once they have made it.

But there are some exceptions: BSKYB joined in September and out-



Source: FT Intel

performed. One reason may be that only 25 per cent of its shares are publicly traded - the minimum for inclusion in the index. This exaggerates the impact of increased demand. On this basis, there is good reason to think that Orange - another partial flotation - will buck the trend.

Orange is one of two stocks more or less bound to be added next month. The other is United News & Media. Like Railtrack, they are being propelled into the index by more than just a rally in their share prices. Enthusiasm for both Orange and Railtrack has been triggered by flotation, rather than the mere prospect of entering the index. Such "new" stocks, which have helped lift the automatic trigger for entry from a £1.9bn (\$2.9bn) market capitalisation in March to £2.1bn next month, may just have the momentum to defy statistical history.

Nuclear privatisation

British Energy's downbeat signals about its prospects should be taken with a pinch of salt. After all, the better the shares do after privatisation, the better the management will look. While it is perfectly possible - as the company suggests - that electricity prices will start to fall in real terms, the odds are against it. Most likely, prices will rise as fast as National Power, PowerGen and Hanson's Eastern Group think they can get away with without antagonising the regulator; if prices are flat in real terms, the generators are probably on safe ground.

But the sensitivity of British Energy's value to electricity prices does underline how different an investment it will be from Railtrack - whose revenues are astonishingly secure. Not only is British Energy's turnover vul-

nerable if prices do fall but it also has to work hard to keep its stations running at full pelt.

This could be overshadowed, though, by an even more important difference between the two offerings. While both companies should throw off handsome amounts of cash, Railtrack has plenty of good uses for it in its core business - unlike British Energy, which has only modest investment needs. This is dangerous: British Energy's management, awash with shareholders' cash, is doubtless keen to diversify to avoid running a declining business. Yet there are few clues as to how the company can sensibly spend the money. What investors really need from the management is not a vague guess about future electricity prices but a strategy which convinces shareholders that there will be no wasteful spending splurge.

Pace Micro Technology

This week has been a milestone for UK high-tech stocks. British Biotech's market capitalisation briefly topped £2bn on hopes for its cancer drug; now Pace Micro Technology, a manufacturer of television "set-top" boxes, is being floated with a target market capitalisation of more than £250m.

Pace is a hot property because pay-TV services worldwide are growing rapidly - especially with digital technology just taking off. To receive such services, consumers must buy set-top boxes, which plug into their TV sets. Pace has already supplied 250,000 digital boxes which, it claims, makes it the biggest supplier outside the US. The effect of the resulting sales growth on Pace's profits has been dramatic: earnings, which were only £1.8m in the last financial year, rose to £5.5m in the first nine months of this year and are predicted to reach £12.1m for the full year.

For such a fast-growing business, the implied price/earnings ratio of 30 or so may look a bargain. But investors should also note that Pace's annualised return on capital in the first nine months was 50 per cent and is rising. With such juicy returns, it is only a matter of time before groups such as Nokia and Sony pile into the market. Though Pace is an excellent developer of technology, it does not enjoy any special patents giving it a lock on the market. And while the fragmentation of the old analogue set-top box market may have kept out the big guns, the digital market will be more competitive. Pace's best hope is that it has sufficient momentum to carve a big market share before rivals start squeezing the margins.

Bank fury over tax bill

Continued from Page 1

big jump in first quarter operating profits.

Mr Kohlhaussen made clear to shareholders his irritation at Commerzbank's worsening relations with tax authorities. Like other banks - including Dresdner Bank, its bigger rival - it has been the subject of highly publicised tax raids over the transfer of customers' funds to Luxembourg subsidiaries.

The banks have denied colluding with clients to evade taxes by sending money abroad. In Commerzbank's case, there was an added twist when a list of clients' accounts in Luxembourg obtained by a blackmailer, subsequently jailed, was handed to the state prosecutor's office.

Lucas close to £3bn merger with Varsity

Continued from Page 1

south-east Asia. One US analyst said the company was keen to proceed with a Lucas merger because of the access it offered to European markets.

A merger would also enable Varsity to take advantage of the UK group's technological lead in areas such as brake-by-wire, the next generation of vehicle braking. For Lucas, the deal would greatly enhance its presence in North America.

The talks have followed warnings by Mr George Simpson, Lucas chief executive, that international components suppliers would have to consolidate to survive.

A consolidation involving Varsity and Lucas is thought to have been welcomed by their respective customers, including some of the world's leading carmakers.

"Our customers are very positive about the potential benefits of this deal," said one executive. Lucas has additionally cleared the proposal with Sumitomo of Japan, its existing joint venture partner in anti-lock braking systems.

Varsity regards Lucas's relationship with Sumitomo as an asset which could be extended, raising the possibility of an Anglo-US-Japanese components alliance.

Lucas shares fell 2p to 235p, while Varsity shares were down ¼ at 45½p in early trading.

Big Japanese banks report record losses

Continued from Page 1

believe the true bad loan total to be more than ¥500,000bn.

The city banks were able to make the substantial write-offs principally because of the strong performance in their core operations. Record low interest rates during the year enabled them to secure their best ever core business profit.

Sanwa Bank's gross operating profit soared 61 per cent to

¥490.9bn, while that of Daiichi Kangyō more than doubled to ¥519.1bn.

But the banks also had to dig deeply into their reserves to cover the write-offs and, as a result, the capital adequacy ratios of a few have slipped perilously close to the 8 per cent of assets required by the Bank for International Settlements.

A significant portion of the banks' equity is in the form of quoted shares, and the strong

domestic equity market in recent months has offset the capital erosion for some.

Only four of the eleven banks reported a pre-tax profit for the year. One of them, Sumitomo, declared a second successive loss, having been the only large Japanese bank to take a loss in the 1994-95 year. Several of the weaker banks still have substantial progress to make before they eliminate even half of their potential problem loans.

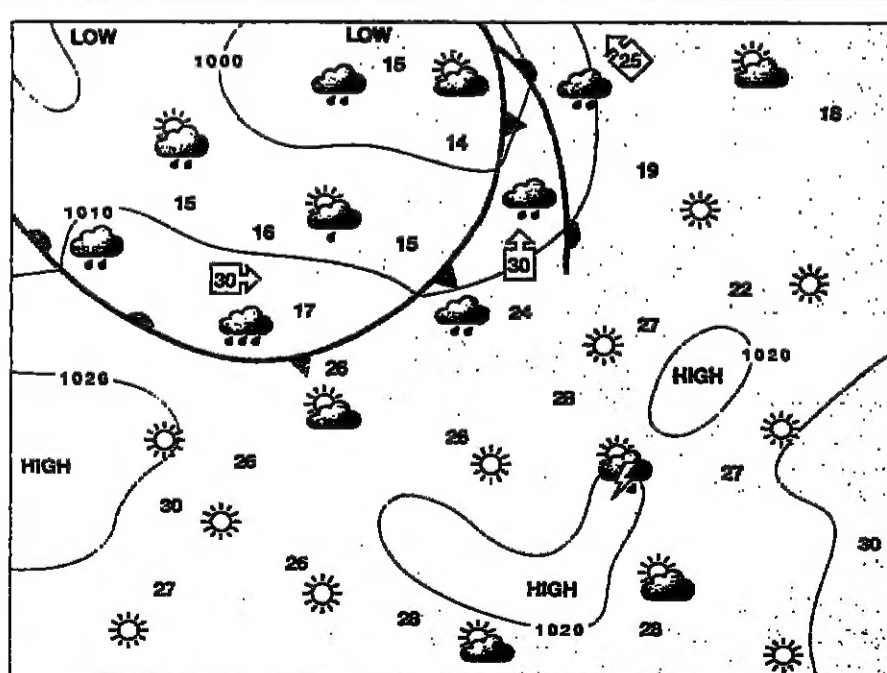
FT WEATHER GUIDE

Europe today

It will be cool in north-western Europe, north of the line of a front stretching from the English Channel across south-eastern Benelux to the Baltic Sea. South of the line, it will be hot and sunny. There will be heavy cloud and showers north of the front, from the UK to the Netherlands. Widespread rain is likely along the line of the front, mainly in the hilly areas of Belgium and eastern Germany. Ahead of the frontal zone, from eastern Poland to Russia, it will be mainly sunny with temperatures up to 20°C. Most of southern Europe will be very sunny with inland temperatures above 30°C. From Greece to the eastern Balkan States, heavy thunderstorms are likely.

Five-day forecast

Unsettled conditions will gradually spread east towards eastern Europe while north-western Europe will remain cool. The UK and south-western Scandinavia are the most likely to be wet. Showers and thunderstorms will develop over south-eastern Europe where temperatures will begin to decline on Tuesday. High temperatures in Spain and Portugal will give way to thunderstorms and cool air on Tuesday.



TODAY'S TEMPERATURES

Location	Temp	Location	Temp
Abu Dhabi	30	London	17
Algiers	26	Madrid	26
Amsterdam	15	Moscow	12
Athens	28	Mumbai	31
Bahia	28	New York	21
Bangkok	30	Osaka	25
Bombay	30	Paris	17
Buenos Aires	25	Rangoon	30
Calcutta	30	Seoul	27
Cairo	28	Singapore	30
Canton	28	Taipei	28
Cebu	28	Tokyo	24
Colon	28	Yokohama	24
Dacca	28		
Dhaka	28		
Dubai	28		
Guangzhou	28		
Hankow	28		
Hong Kong	28		
Kobe	28		
Kuala Lumpur	28		
Manila	28		
Medan	28		
Meizhou	28		
Minamotani	28		
Moscow	12		
Mumbai	31		
New York	21		
Osaka	25		
Paris	17		
Rangoon	30		
Seoul	27		
Singapore	30		
Taipei	28		
Tokyo	24		
Yokohama	24		

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Location	Temp	Location	Temp
Abu Dhabi	30	London	17
Algiers	26	Madrid	26
Amsterdam	15	Moscow	12
Athens	28	Mumbai	31
Bahia	28	New York	21
Bangkok	30	Osaka	25
Bombay	30	Paris	17
Buenos Aires	25	Rangoon	30
Calcutta	30	Seoul	27
Cairo	28	Singapore	30
Canton	28	Taipei	28
Cebu	28	Tokyo	24
Colon	28	Yokohama	24
Dacca	28		
Dhaka	28		
Dubai	28		
Guangzhou	28		
Hankow	28		
Hong Kong	28		
Kobe	28		
Kuala Lumpur	28		
Manila	28		
Medan	28		
Meizhou	28		
Moscow	12		
Mumbai	31		
New York	21		
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